

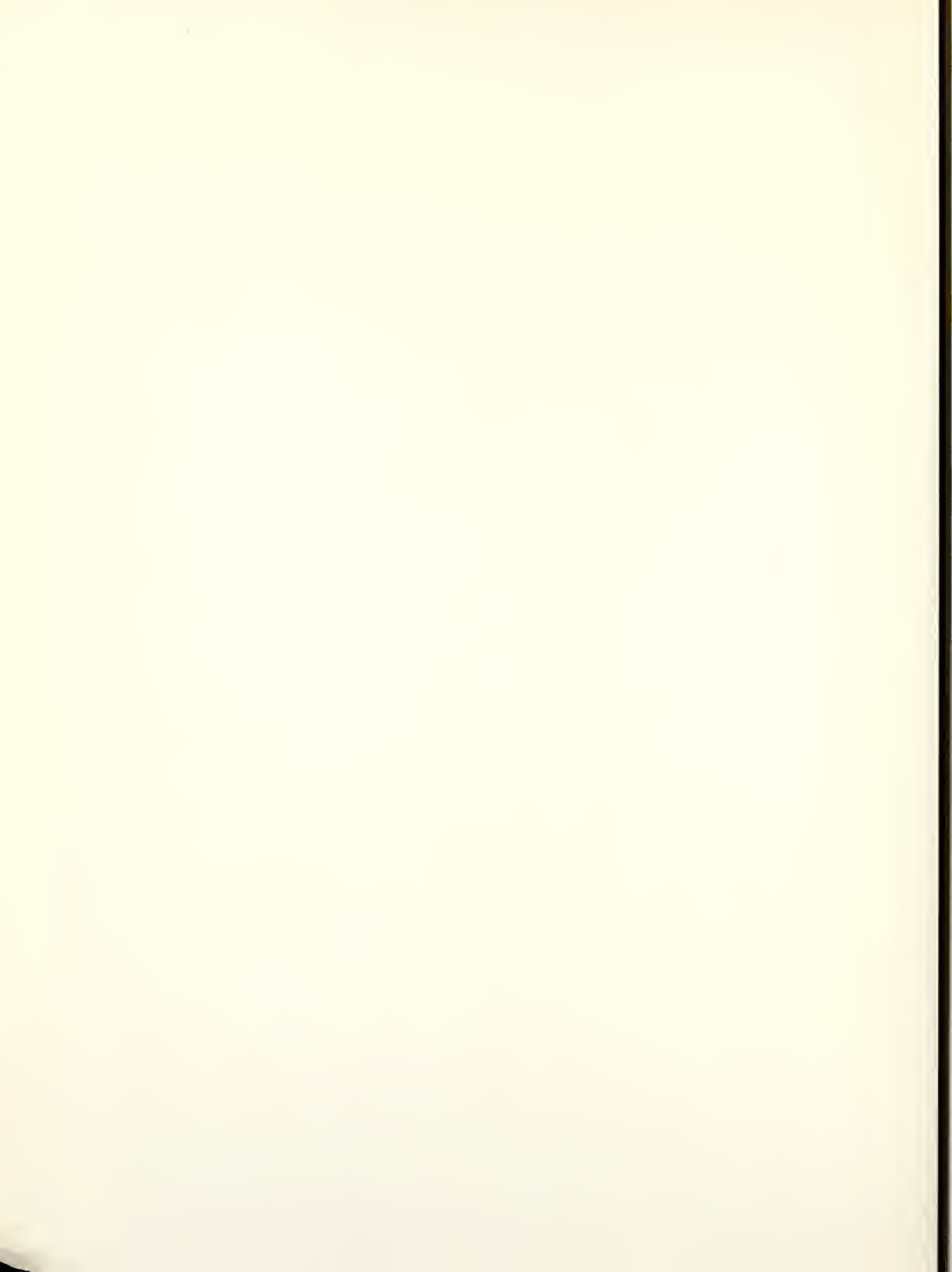
FEDERAL ADVISORY COUNCIL

ON
**REGIONAL
ECONOMIC
DEVELOPMENT**

FIFTEENTH MEETING -- MAY 19, 1978



WASHINGTON, D.C.



FEDERAL ADVISORY COUNCIL

ON


REGIONAL ECONOMIC DEVELOPMENT

FIFTEENTH MEETING -- MAY 19, 1978

**Juanita M. Kreps
Secretary of Commerce and Chairman
Federal Advisory Council**

**Lawrence O. Houstoun, Jr.
Special Assistant to the Secretary and
Executive Secretary
Federal Advisory Council
U.S. Department of Commerce**

WASHINGTON, D.C.



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INTRODUCTION

Title V of the Public Works and Economic Development Act of 1965 (Act) requires each regional commission to prepare a comprehensive long-range economic development plan for its multistate region which must have the approval of the Secretary of Commerce. The Act also directs that the Secretary obtain the comments and recommendations of Federal agencies and transmit them, along with the approved plan, to the President for such action as he deems appropriate.

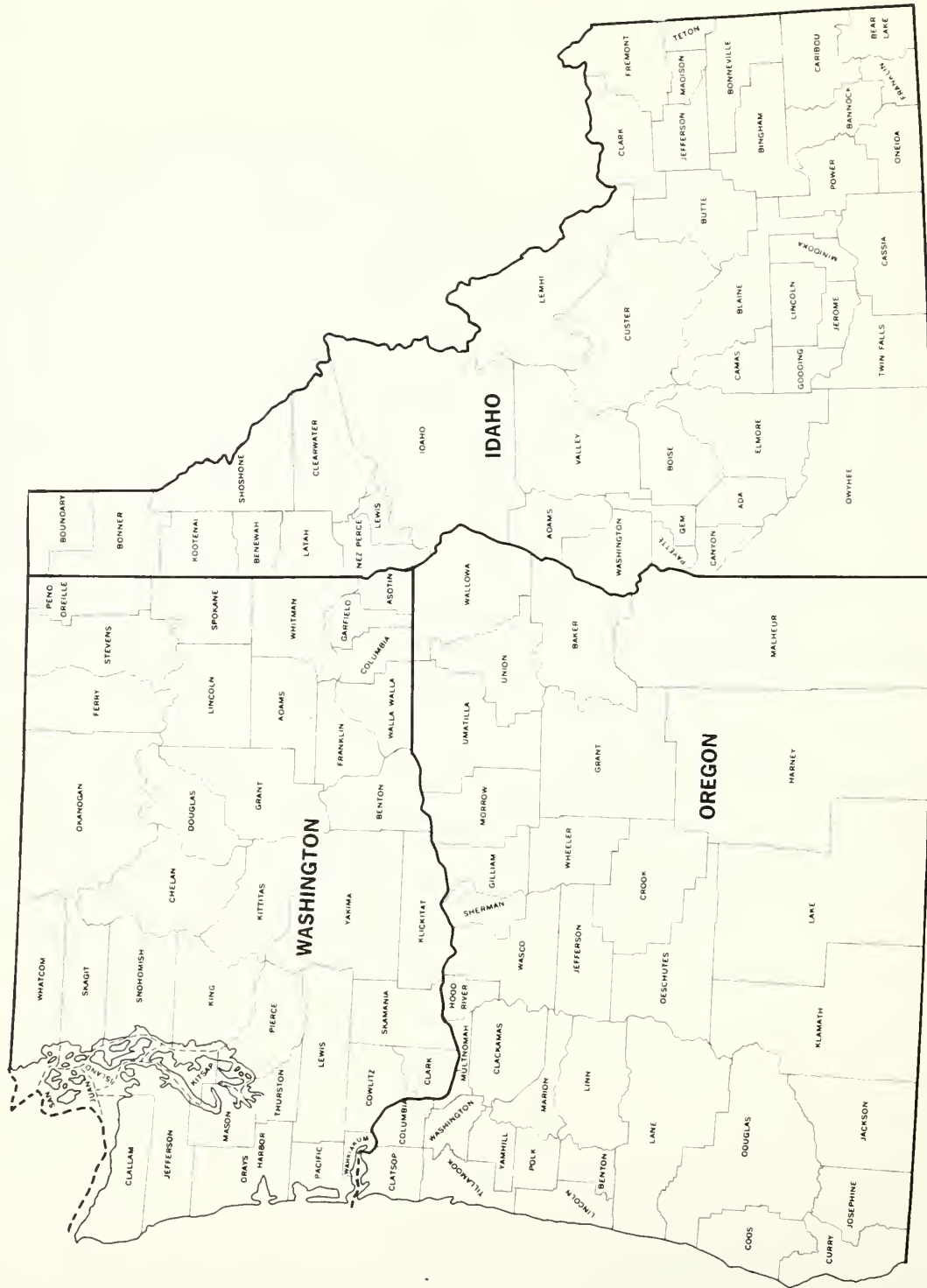
Review of the draft plan by interested Federal agencies is provided for in Executive Order 11386 which established the Federal Advisory Council on Regional Economic Development. The Federal Advisory Council is composed of Federal agencies charged with administering domestic development programs and provides guidance to the regional commissions in their efforts to influence and manage the growth of their respective regions. Over the years as the needs and priorities of both the regions and the Nation have changed, agencies other than those originally designated in the Executive Order have been invited to participate in the Federal Advisory Council's deliberations.

On May 19, 1978, the Federal Advisory Council convened to discuss and present recommendations on the Pacific Northwest Regional Commission's draft long-range plan—the first such plan prepared by the Commission. The Commission is one of eight regional commissions organized under the Act and serves the Pacific Northwest region which includes the States of Idaho, Oregon, and Washington. The Governors of the three States and a Federal Cochairman, appointed by the President, are members of the Commission.

The plan is a Federal-State effort involving the participation of the Commission; the Governors of Idaho, Oregon, and Washington; State and local organizations; regional offices of the member agencies of the Federal Advisory Council; and the general public.

The Commission will review and consider for inclusion the recommendations made by the Council before it submits the plan to the Secretary of Commerce for approval.

PACIFIC NORTHWEST REGIONAL COMMISSION



MEMBERS OF THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

Juanita M. Kreps
Secretary of Commerce
(Chairperson)

Bob Bergland
Secretary of Agriculture

Clifford L. Alexander, Jr.
Secretary of the Army

Joseph A. Califano, Jr.
Secretary of Health, Education and Welfare

Patricia Roberts Harris
Secretary of Housing and Urban Development

Cecil D. Andrus
Secretary of the Interior

F. Ray Marshall
Secretary of Labor

Brock Adams
Secretary of Transportation

A. Vernon Weaver, Jr.
Administrator
Small Business Administration

Robert W. Scott
Federal Cochairman
Appalachian Regional Commission

Claud Anderson
Federal Cochairman
Coastal Plains Regional Commission

F. Kenneth Baskette, Jr.
Federal Cochairman
Four Corners Regional Commission

J. Joseph Grandmaison
Federal Cochairman
New England Regional Commission

George D. McCarthy
Federal Cochairman
Old West Regional Commission

Patsy Ann Danner
Federal Cochairman
Ozarks Regional Commission

Patrick J. Vaughan
Federal Cochairman
Pacific Northwest Regional Commission

Cristobal P. Aldrete
Federal Cochairman
Southwest Border Regional Commission

William R. Bechtel
Federal Cochairman
Upper Great Lakes Regional Commission



Malcolm McPhee, Department of Commerce and Economic Development, State of Washington, presents an overview of the Pacific Northwest Plan.

PARTICIPANTS AT THE MEETING OF THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

May 19, 1978

The meeting was called to order and presided over by Mr. Lawrence O. Houstoun, Jr., Acting Deputy Under Secretary and Acting Executive Secretary of the Council.

Bonnie Justice
Office of Area Development Assistance
Farmers Home Administration
Department of Agriculture

Donald L. Dillon
Deputy for Policy, Planning and
Legislative Affairs
Department of the Army

Joe D. Auburg
Corps of Engineers
Department of the Army

Robert M. Rauner
Acting Deputy, Office of
Regional Economic Coordination
Department of Commerce

Daniel C. Frederick
Office of the Assistant Secretary for
Intergovernmental and Institutional
Relations
Department of Energy

David Siegel
Assistant to the Deputy Under Secretary
for Intergovernmental Affairs
Department of Health, Education, and
Welfare

Douglas Henton
Program Analyst
Planning and Evaluation Office
Department of Health, Education, and
Welfare

Bernard Manheimer
Program Coordinator
Office of Community Planning
and Program Coordination
Department of Housing and Urban
Development

Cecil Hoffmann
Staff Assistant
Office of the Secretary
Department of the Interior

Dolores Battle
Economist
Division of Policy Analysis
Department of Labor

Karolyn Reynolds
Office of Intergovernmental Affairs
Assistant for Field Coordination
Department of Transportation

William T. Burke
Economist
Office of Economic Analysis
Environmental Protection Agency

William R. Etheridge
Economist
Office of Economic Research and
Statistics
Small Business Administration

Tony Magoulas
Special Assistant to the Federal
Cochairman
Coastal Plains Regional Commission

Thomas F. Kiely
Special Assistant to the Federal
Cochairman
Old West Regional Commission

Sidney R. Jeffers
Special Assistant to the Federal
Cochairman
Ozarks Regional Commission

Patrick J. Vaughan
Federal Cochairman
Pacific Northwest Regional Commission

Dennis Hubscher
Regional Program Coordinator
Pacific Northwest Regional Commission

Shirl C. Boyce, Jr.
Office of the Governor
State of Idaho

Malcolm D. McPhee
Department of Commerce and Economic
Development
State of Washington

William P. Butler
Executive Assistant to the
Federal Cochairman
Southwest Border Regional Commission

David K. Hartley
Consultant
Washington, D. C.

AGENDA FOR FIFTEENTH MEETING OF THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

Review of Pacific Northwest Regional Plan May 19, 1978

Moderator: Lawrence O. Houstoun, Jr.
Acting Deputy Under Secretary

and

Acting Executive Secretary of
the Federal Advisory Council

Time: 9:00 a.m. - 12 noon

Place: Room 6802
Main Commerce Building

Opening Remarks: Lawrence O. Houstoun, Jr.

Discussion of Pacific Northwest Regional Plan:

Patrick J. Vaughan
Federal Cochairman, Pacific
Northwest Regional Commission

Shirl Boyce, Jr.
Office of the Governor
State of Idaho

Malcolm McPhee
Department of Commerce and
Economic Development
State of Washington

Agency Comments:	Representatives of FACRED

Future of Federal Advisory Council:

Lawrence O. Houstoun, Jr.

Concluding Remarks: Lawrence O. Houstoun, Jr.



Lawrence O. Houstoun, Jr., Special Assistant to the Secretary for Regional Economic Coordination (left), and Patrick J. Vaughan, Federal Cochairman of the Pacific Northwest Regional Commission, lead the discussion on the Pacific Northwest Regional Plan.

OPENING REMARKS

Mr. HOUSTOUN: Good morning. I am Larry Houstoun. I am the Acting Deputy Under Secretary and, at least for the period this morning, the Acting Special Assistant for Regional Economic Coordination. In the latter capacity, I also serve as the Executive Secretary to FACRED. Secretary Kreps is the Chairperson.

I am pleased to have you here. This is the fifteenth such meeting and it comes, I think, at a very important time. There are, what is known in the press, high-level discussions going on within the Administration concerned with the shape and content of multi-state regionalism, the role of the Federal Government, the expectations of the States, the requirements of needy areas within the States, and the relationship of all these issues to one another.

What this has to do with, of course, is the 1979 exercise of the reauthorization statute upon which the Title V Commissions are based. I look at this document this morning and this exercise, and I hope you will too, as something that has the additional benefit of helping to make clear what the Title V Commissions can do, what the Title V Commissions might do, and as a building block in our thought process, to suggest what improvements in the Federal-State partnership may be possible and necessary.

I think we are at a very important time. We have, as President, a man who is not only a former governor and legislator, but one who was also a county official. He comes from a rural area. He knows the problems and understands regionalism. And in the context of the White House Conference on Balanced National Growth and Economic Development during which many of these points were raised, he responded with the phrase "shared responsibility"—often called "partnership" in other contexts.

I would like to begin the thought process of this group with constructive suggestions as to the future of multistate Title V Regional Commissions and what the Federal commitment should be. That commitment, of course, is not confined to the President, the Secretary of Commerce or, indeed, the Congress. It is a commitment presumably shared by the entire Administration.

Bob suggests that I refresh our memories as to why we are here. Of course, Title V of the Public Works and Economic Development Act of 1965 requires that commissions formed under the authority of that Title prepare comprehensive long-range strategies and long-range economic plans which are to be approved by the Secretary of Commerce.

The Act also directs that these plans be submitted by the Secretary for review by interested agencies before they are transmitted to the President.

Secondly, in amplifying and clarifying these requirements, President Lyndon Johnson issued Executive Order 11386 in 1967. This expanded the Secretary's plan review responsibilities and established this body. It directed the FACRED to review the proposed long-range plans and to examine Federal programs relating to regional development, including agency plans, policies, and priorities bearing on such programs.

The intention of both the Act and the Executive Order were to provide the fullest opportunities for exchange between the regional commissions and the Federal agencies serving the same clientele.

These, then, are really the legal foundations. Beyond that, however, there is another need for you to be here and that is that any plan developed by a commission represents the joint product of State and Federal efforts aimed at better understanding of the region's needs and potentials.

I think that is one thing I would like to pay particular attention to. My background, as one or two of you may know, extends not only to the 701 Program, but also to the rural poverty program under President Johnson, the Area Redevelopment Act. For awhile, I also worked with Secretary Freeman's staff. In all of this, the relationship of planning to planning and planning to implementation was the continued challenge. I think we know a lot more about that at this point, and I daresay we can do more than we were able to do in the '60s.

The principal value of these plans is for the regional constituency, naturally. They also have, or should have, a value for the larger constituency which we all represent. A regional plan is the means by which all of us in the Federal "constituency" can draw our thoughts together on a regional perspective.

The plan we will be discussing today is the first one prepared by the Pacific Northwest Regional Commission. I think a bit of history, here, might be appropriate. To some of you, it may seem a long time from the region's designation in 1972 to today.

However, until late 1974 there was considerable doubt that there would even be a regional commission program, since the Administration at that time had decided to scrap the commissions in favor of special revenue sharing. Once that uncertainty was removed, however, the Pacific Northwest turned to the preparation of both the plan document and the process needed to bring it forth.

As is our custom, Bob tells me, our agenda for the rest of the morning, will first begin with the Federal Cochairman of the Commission and his staff presenting the plan in summary and highlight form.

After that, we will give each of you a chance to put forward your and your agencies' points of view and your suggestions with respect to the document. After that, we will have a freer discussion, if you will, of the overall plan. You might also want to consider with me whether the proceeding we will have gone through is the best means of giving all of us a satisfactory return for our efforts in reviewing and commenting on the plan document.

I realize this is a large issue which warrants longer and more careful scrutiny. But I would like to suggest, starting today, that I want to involve this group in, if you will, high-level discussions because I think those of you who have had continuing responsibility for participating in this body can add a great deal of perspective in shaping the new legislation which the Administration will send forward as part of the Public Works and Economic Development Act in 1979. In that sense, as I mentioned earlier, this is a timely discussion.

We might begin some of that discussion today if you want. But I would like to give you this opportunity to think about how you might best tap the resources of your agency in discussing the future of the regional commissions. We can discuss that a little bit more, later.

Bob suggests that we not take a break in the discussions. Avail yourselves of the opportunity to share the coffee, however. I would like now to turn the meeting over to Pat and his staff to make the presentation. Pat?

DEVELOPMENT OF PACIFIC NORTHWEST REGIONAL ECONOMIC PLAN

Introductory Remarks

Mr. VAUGHAN: Thank you, Mr. Houstoun and members of the Federal Advisory Council on Regional Economic Development, for meeting with us today to review our Commission's comprehensive plan.

As you know, last fall we had a similar opportunity to meet and discuss the plan with the FACRED agencies in Region X and our Federal Regional Council. In our presentation today, we are going to assume that you have had some access, either directly to the economic plan, itself, or to one of the several critiques that have been prepared on it.

This is our Commission's first Regional Economic Plan. As a result of this meeting, we hope to return to the Pacific Northwest with many helpful suggestions as to how we might improve this planning process.

The Governors of Oregon, Washington, and Idaho are enthusiastic about the Title V Program because it provides them with an excellent opportunity to work cooperatively on resource development issues, water, power, forest, fisheries, et cetera, common to the three states.

It also provides a forum to discuss and act upon opportunities for increased foreign exports, agriculture, tourism and many other industrial sectors of importance to the states of the Pacific Northwest.

I would now like to introduce two representatives of State government from the Pacific Northwest Regional Commission. Mr. Shirl Boyce, who is the PNRC liaison for the Governor's Office in the State of Idaho. Mr. Boyce was formerly Director of State Planning and Community Affairs for that State.

And Mr. Malcolm McPhee, Assistant Director for Economic Analysis from the Washington State Department of Commerce and Economic Development.

I should explain that neither of these gentlemen directed the actual writing or development of the plan. However, both acted in an advisory capacity on the original work and are in a position to comment on and discuss the plan in detail. The first draft of the plan was prepared by the Human Resources Planning Institute of Seattle, Washington, in 1974 and 1975.

It was then reviewed extensively by State, local and Federal agencies. Finally, the Centaur Management Consulting Firm was commissioned to complete the final document that is to be reviewed at this meeting today.

I would now like to call upon Mr. McPhee to summarize, for your consideration, the economic plan of the Pacific Northwest Regional Commission. Both Mr. McPhee and Mr. Boyce will, of course, be available to answer any questions you might have following the presentation.

Thank you.

Analysis of the Plan

Mr. MCPHEE: I think I will use the podium because I have a few slides. Thank you, Mr. Vaughan, ladies, and gentlemen.

As Mr. Houstoun explained, the Title V Commissions, as you all know, are required to prepare a comprehensive economic plan of a long-range nature. There are a number of good reasons for this from the Commission's standpoint. However, one of the most important is the fact that going through a process like this permits the Commission and the staff, and everyone involved, an opportunity to assess economic conditions and trends as well as attitudes within the Region to assist them in developing well thought out programs and plans for the Commission.

We don't have a very long presentation this morning. I would imagine it would be under 30 minutes. Judging from the comments that we've received today, it sounds as though most of the agencies have had good opportunity to go through the plan in some detail.

So we will try to keep it as brief as possible and make as much time available for comments and questions and discussion. I might note that there was a time when economic analyses were more akin to engineering studies than the socioeconomic environmental surveys that we are accustomed to today.

I am thinking, primarily, of the regional economic studies that were undertaken in the '50s and the '60s in connection with the Metropolitan Transportation studies as well as River Basin Commission studies, and others. Our effort reflects the shift from a fairly quantitative kind of approach to economic analysis, and one which takes into account a variety of qualitative and noneconomic considerations.

I don't want to detract from the importance of quantitative methods and regional analyses because, even in this area, we're doing a great deal more work and there are better tools and methods available at the present time. For example, the PNRC plan does employ a forecasting model to estimate future economic and population conditions. And while we include a literature search and most of the other things that go into a regional economic plan or study, we have added a number of other things that are absolutely required these days in conducting studies of this kind including citizen's attitudes on economic development, state and local government views on economic development, land use considerations, and environmental considerations and a variety of other things.

In this plan, we've attempted to view the Pacific Northwest's economy in a framework that relates to most of the factors of economic development. And rather than spend all of the allotted time on what the plan is about, I wanted to spend some time emphasizing how the plan was constructed, since the validity of the strategies and costs depends, to some extent, on how well the economic development plan identifies these regional goals and objectives and how well it seems to project future economic conditions.

The analytical approach used in this plan is fairly straightforward. Economic forecasts are made to 1990, using a fairly simple economic base model. This model takes into account trends in basic industries, changing Pacific Northwest shares of national output of industry and a variety of other factors. The nonbasic industries are projected primarily as a function of the basic industry activity with other information considered as necessary.

The population module of the system is also quite straightforward. It uses standard cohort-survival techniques to determine natural population change. National projections of changes in fertility and survival rates were applied to State benchmark data in three states. Net migration from the economic analysis is then added to the natural increase to arrive at overall population gains during the forecast period. The total regional forecasts were allocated to the twelve subregions, that we will be showing in a few minutes, on the basis of shifting shares of activity within each region over time.

In brief, the environmental projections are based upon the employment forecasts which are converted to production forecasts to which pollution coefficients are applied to selective industries to arrive at some basic estimate of the impact of economic activity on the environment. The same is true of the land-use analysis for economic and population forecasts which were applied to land requirements to get some estimate of land absorption rates over time.

The forecasts, we found, are reasonable when checked against others, and should provide a basis for assessing future needs. But as I suggested in the beginning, the future needs are not just a function of forecasts. They are also a question of judgment and the value systems.

We, therefore, undertook to determine the development of attitudes and values of the people of the Pacific Northwest before establishing the goals and objectives which would be considered in devising longer-term development plans and programs.

Basically, the plan reflects the views of the three States as represented in the surveys done in connection with alternative futures programs in each State. These take different nomenclatures around the country. But many other States, as well as many of the larger metropolitan areas, have undertaken future studies which attempt to determine what it is that people would like to see in the future of their area in long-term projections.

But it also includes a great deal of public opinion work to find out what it is that people at least think that they would like to see in the future. In addition to this, the individual States, through their state EDA funded 302 economic planning programs, were permitted to incorporate state development assessments and plans into the regional long-range plan.

These State plans, in turn, had incorporated into them local and regional goals and objectives from organizations such as districts, as well as, local governments and port district development groups.

I think it's worth pointing out that the regional commissions were established to meet the economic development needs that were not being effectively dealt with in other ways by other organizations, specifically the multi-state cooperation on common economic development problems and opportunities.

At least, in our view, the commissions were not designed, nor were they able, to do everything. For the most part, our programs reflect concerns or issues that are regarded as common to the three States and their political subdivisions.

It is in these areas of general agreement that the PNRC concentrates. Within these broad areas of agreement, there are substantial differences among the three States, their local governments, and regional planning groups on matters of development philosophy, jurisdictional questions, and many other issues. Beyond these areas of common agreement, the

Commission offers leadership and opportunities for deliberation at the highest political level within the region. And there are various forms of persuasion and other informal procedures to achieve a broadly-based development program throughout the region. In many cases, though, a particular area of responsibility remains that of Federal, State or local government.

It's important also to stress that the plan is not intended to fix programs and priorities over time for the Commission in any rigid sense. It is to serve as a working and reference document for the Commission as it develops its programs and priorities.

The plan, itself, recommends the establishment of a planning committee to revise and update the plan during the course of the Commission's operations. This task force has already been established. It is composed of the economic development directors of the three States.

Before going into the substance of the plan, I would summarize as follows. The plan is based upon a synthesis of economic development views and analyses from the three States and forecasts of population and economic growth for the remainder of this decade and the decade of the 1980s.

The approach was to assess current and future economic, population, environmental and natural resource trends and public attitudes about development. Based upon this analysis, the plan then recommends courses of action or strategies necessary to meet the region's economic objectives while, at the same time, preserving the region's quality of life.

Here, we have just a visual of the three States with the substate analysis areas used in the plan. I would say that the basic findings of the plan run something like this: In economic and population growth, the region, all three States, are expected to outstrip projected national growth rates in employment, population, and income.

The reasons for this include the strength of the basic industries within the three States in agriculture, forest products, international trade, aerospace and various other smaller manufacturing industries that are anticipated to expand over the next 12 years.

This, of course, means substantial growth rates in the service industries such as trade, transportation, finance and a number of others.

To summarize the employment projections for the period—I don't know how well you can see that slide but I can summarize it. The second to the last line gives the regional employment estimates and the forecast to 1990. Basically, they show 1972 employment of about two and a half million for the three-state area, rising in 1985 to 3.3 million and to 3.6 million in 1990 for an annual average growth rate of about 2.1 percent, slightly above the national average projection. From '85 to '90, 1.9 percent, I believe, for the region compared to 1.1 percent for the nation.

The population, again, the second to the bottom line gives the regional estimate forecast. The region's population growth is expected to average about 1.4 percent annually through 1985, again, somewhat above the national average expected in the population growth.

Now, basically, the forecast suggests that the region's economic growth and its quality of life will encourage continued net in migration to the Pacific Northwest. Part of the findings include the concern that this growth could cause difficulties if not handled properly. Therefore, the plan and the report provide a series of recommended strategies to achieve economic, as well as, selected social and environmental objectives. It also provides estimates of the public cost of achieving these objectives.

The recommendations and suggested funding levels over the next 5 to 12 years represent additional programs and funding beyond that which would normally be anticipated or budgeted in amounts which would be intended to resolve some of the problems identified in the plan.

This is basically a consolidated budget for the recommendation of the program and was made in the report. There are five basic strategies or program areas. One is economic development, and the amount required from '78 to 1990, is \$660 million. The others include: environmental programs, \$28.5 million; natural resource, conservation and management, \$60 million; public service delivery, \$241 million; and improved planning processes, \$24 million.

I should point out that we will be dealing primarily with the '78 to '90 period, although the '78 to '85 period has a smaller amount which is roughly proportional to the time period. The only assessment of that is the environmental categories where the programs would be more heavily funded in the earlier years than later years.

In the economic development program category, where the preponderance of the funds are expected to be employed, we have a statement of the goals as related in the plan that has to do primarily with raising per capita income of some of the lower income sub-areas within the region to at least 90 percent of the U.S. average by 1990.

There is also the concern about the diversity of the existing industrial base of the regional economy, primarily, to increase the economic stability of the area. The economic development recommendations suggest that per capita income and diversification goals could be advanced by exploiting known advantages and locations of resources to add value to materials originating in or transshipped through the Pacific Northwest. A couple of obvious possibilities would be logs exported from the Northwest as well as autos and other imports coming through the Northwest ports. In addition, there are other advantages recommended in the report the region could capitalize on including its educated labor force, the natural amenities, the low pollution levels, and so forth.

The plan recommends other special initiatives in this area. One is the expansion of irrigated farmlands in the area. Many of you know that the second big tunnel in the Columbia Basin is under construction at the present time. When it is completed, along with the laterals and other public facilities that will be required, it could bring under irrigation in the Northwest up to 300,000 to 400,000 additional acres.

There is a recommendation regarding private sector incentives: financial, tax credits, public facilities and services. I would point out that many of the western States have prohibitions in their State constitutions against lending of the States' credit.

In the State of Washington, for example, it is unconstitutional for the State or any of its political subdivisions to use tax-exempt industrial bonds for financing, a tool that is available to most other states in the country. There are the opportunities that are implicit, the adoption of the 200-mile limit, especially, in the bottom fishing. International trade and transport facilities offer good opportunities for expanded activities within the Pacific Northwest.

A recent study which hasn't been completed—which hasn't been published—it's been completed on the State of Washington, indicates that foreign exports to the State are roughly twice per capita than they are for the Nation. So international trade is a very big factor in the Pacific Northwest.

And there are opportunities in full range of additional labor training programs that the plan recommends the region undertake. I mentioned also the plan is designed to effect a balance between what is needed and what is feasible. That is, efforts would be concentrated

in the low-income regions. But resources would also be directed to higher income areas where better economic opportunities exist to bring lower-income people within those regions together with economic opportunities. In addition, efforts would also be addressed to small and medium-sized cities to help them relieve some of the growth pressures of the larger metropolitan areas within the three-State area.

The economic development portion of this program would take up approximately 65 percent of the total of one billion 13 million dollars that was noted on the previous slide as the necessary investment to accomplish some of these things. This, obviously, is to take the lion's share of additional public funds that would be required over the next 12 years.

The next category is the category on environmental concerns. And, again, we have on the slide the basic goal and several subobjectives in this category.

I think the basic conclusion with respect to environmental programs is that the Federal, State and local governments have already undertaken a great deal in this area. The Commission would probably be well-advised to concentrate in areas that do not appear to be well-covered by some of the existing programs.

Among them, the plan recommends improved land-use planning at the local levels. There is very little in the way of regional or State land-use planning, at least in the State of Washington, and Shirl may like to comment on the State of Idaho. But, basically, the land-use planning is something that is not very extensive at the present time within the region and relates very closely to environmental protection.

The preservation of environmentally sensitive lands, wetlands, aquifers, woodlands, streams and a variety of other land areas do not appear to be well covered under existing legislation. The plan also recommends improved environmental policy legislation and permit processes.

There is a great deal of concern these days about regulation and a lot of it has to do with the area of environmental regulation. The Commission could assist in resolving non-point sources of water pollution which the report argued was the most critical source at the present time with the major industrial sources being addressed by the various Federal and State laws. Non-point sources of water pollution are agriculture, forestry, construction, etc.

In the area of air quality, there was a recommendation that there might be some opportunity for reclassification in light of changing conditions, especially regarding energy generating plants in the Pacific Northwest. I think some of you know that most of the hydroelectric sites have been fully developed in the Northwest and that the new major generating facilities at the present time are nuclear or coal. The recommendation is that the latitude given to the States to classify certain areas, as to how they relate to national ambient air standards, might be changed to permit some of the areas to be put in a more restrictive classification for protection of certain area, and to put some areas into less restrictive classifications for the purposes of affecting or accommodating development.

In the natural resources category, the basic goal and objective noted in the plan had to do with conserving and improving the management of the region's natural resources. The basic program recommendations include better inventory information for improved management, especially energy, agriculture, forests, minerals, and so forth; consideration of impacts of policy alternatives and the development of analytical methods to assist in that area; and demonstration programs on improved methods of fish propagation, reforestation, conservation, energy production and a variety of other areas.

It's noted here that the budget estimate for the category is \$60 million or about 6 percent of the total of the 12-year period to 1990.

In the fourth area, public services delivery, this has to do with the improvement of the delivery of public services, particularly, in the rural areas of the region of which there are a large number. The recommendations have to do primarily with the improvement of public service delivery and health care, technical and vocational education, water supply and disposal systems, as well as, transportation.

The final area has to do with the improvement of the planning programs at the three-State regional level. Basically, the recommendations here have to do with industrial diversification; better analytical methods for dealing with opportunities for development within the region over the next five to 12 years; better demand and supply data for labor market areas; and improvement in forecasting and simulation tools. We received many constructive comments from the agencies that reviewed the plan with respect to the model that was employed. There are some things that have developed since the preparation of the model that was used in the plan.

Most of the states now are in a better position to do simulation analysis to gauge the impact of different qualities on economic development. And we're hoping, over the years as the plan is updated and revised, that we could come up with much better analytical systems in dealing with some of the questions that the Commission will be faced with in the years ahead.

These are some of the basic program directions recommended in the first edition of the Pacific Northwest Regional Plan. As noted earlier, the plan will be updated and revised on an annual basis and the basic recommendations, priorities, and funding levels almost certainly will be modified as well.

We do not claim a high degree of perfection in this plan. We cannot always take our forecasts too seriously, but we do take seriously the need to structure rational development programs for the Pacific Northwest, even though we must, of necessity, operate under shifting and changing attitudes towards development as well as changes in economic conditions.

One test of the plan is to examine how the pattern of programs that have been undertaken in recent years compare with the recommended strategies that we talked about here today. In the last five years, the Commission has concentrated quite heavily in five basic areas recommended in the plan: economic development, the environment, natural resource development, public service delivery, and planning.

PNRC's programs in recent years have been especially strong in natural resource development, international trade, travel programs and travel development, energy, land and resource inventories, and improvements in the region's planning capabilities as well as analytical capabilities.

I think we are convinced that the process of preparing the plan has been very helpful to the Commission and that continued work with it will improve the Commission's performance in the future. I think I will end it with that and join Mr. Vaughan and Mr. Boyce in listening to your comments and attempting to answer questions.

I can't promise answers to all the questions that have been raised, but we will do the best we can on that. Thank you very much.

Mr. HOUSTON: This is probably as good a time as any to go around the room first and introduce ourselves.

(Introductions made.)



Agency participants at the FAC meeting.



Malcolm McPhee, Department of Commerce and Economic Development, State of Washington (left), and Shirl Boyce, Jr., Office of the Governor, State of Idaho, listen to comments.

GENERAL DISCUSSION BY EXECUTIVE AGENCY PARTICIPANTS

Mr. HOUSTOUN: Thank you very much.

Shall we just proceed around the table starting with the Department of Transportation.

Remarks by Department of Transportation

Ms. REYNOLDS: I have to apologize. The Department of Transportation is in the process of transferring the responsibility for assisting regional commissions from our Policy Office to our Intergovernmental Office. We hope to be able to provide more assistance rather than simply be reactive to any initiative from the commissions. We want to take the initiative to find out what we, in the Department of Transportation, can do to better assist the regional commissions to provide transportation services and transportation planning.

I apologize also for the fact that our comments have not yet arrived. Generally, I believe, they are very complimentary about the development of the plan and have a few comments to make on some of the specifics.

Mr. HOUSTOUN: All right. SBA?

Remarks by Small Business Administration

Mr. ETHERIDGE: We are much interested in the export program as an opportunity for small businesses to increase their incomes and their growth potential. And, of course, it has very good economic benefits for the country as a whole, since it will tend to reduce our trade deficit and stabilize the dollar.

One area in the report that concerns me as a taxpayer or a citizen, and on which our agency has not taken a position, but I am sure it probably would, because we have a very strong advocacy function in the SBA, is this business of diversification. If I understand correctly, the Pacific Northwest region is attempting to diversify its industrial base. The plan doesn't go into much detail on how they propose to do that, whether they propose to draw their diversification strictly from indigenous sources or they hope to import industries from other parts of the country.

Although I've commented on this in our letter, I think that emphasis for this needs to be examined, because the report didn't touch on it at all. It seems to me that there ought to be coordination between the various regions and the various Title V Commissions to ensure that any industry, going from one region to another, do so in a way that optimizes the economic benefits for the country as a whole and not merely have one region gain at another's loss.

I am thinking, in particular, of the New England States and the North Central States where, of course, there is a good deal of industry. I think care has to be taken by one region in attempting to attract industries from other regions so that while it is helping itself, it is not hurting other parts of the country. Of course, I realize that there may be better prospects for growth in the Northwest than there are in other areas, but these, I think, need to be carefully considered to establish where, in fact, this is true. Thank you.

Mr. HOUSTOUN: Do you want to say anything, Pat?

Mr. VAUGHAN: No.

Mr. MC PHEE: Maybe to indicate that some of the points that he raised are correct about their not being adequately covered in the report. And the question of diversification is one, again, in which most of the states have fairly active programs.

Diversification has to do not only with the diversification of industries, but going after the foreign markets in specific parameters. We do have studies underway right now to try to identify the growth industries in the U.S. and begin to match them up with the location characteristics of the region.

We haven't really dealt with the question of the relocation of firms from one part of the country to another except, I think, that the legislation prohibits that sort of thing, as I recall. Because of the many contracts we have, undoubtedly, that sort of thing occurs from time to time.

Mr. ETHERIDGE: As I said, with good legislation this can be avoided, but I'm sure we've all read a good deal about the new war between the states to attract industries. There was quite a definitive article on that about a year ago.

Mr. HOUSTOUN: I think the question is always legitimate. My recollection of the statute is a little imprecise. I know there is an anti-piracy provision in at least the EDA section, and my assumption is that it covers Title V as well.

And it is certainly the Administration's policy not to promote piracy or, indeed, to facilitate it in any way. However, there is another dimension to this and that is that most of the change in firms and employment, an overwhelming amount of it, has to do with business birth and death, expansion and contraction and very, very little, obviously, to piracy.

Nevertheless, I think that is a legitimate serving of notice. I would hope that there are, in the plan, no ambiguities in that regard. Thank you.

The Labor Department?

Remarks by Department of Labor

Ms. BATTLE: We don't have any terribly serious objections to the plan. One area, though, in which we would like to see more specificity is the projections and just what occupations the plan envisions in seeing training take place over the next few years.

One of the things that occurred to me, particularly when you were making your presentation, was that it would be useful, I think, to tie in the objective of training and employment with the other objectives. For example, goal 4 included an objective for improving the public service delivery system within the state, the area, and the region. I think it might be useful to look at that in terms of the growth and occupational areas.

Mr. BOYCE: I suspect, very strongly, that many of the criticisms and comments that will be coming along are going to be seen in the updated draft. I think that one very important point should be brought out here relative to the projections.

At the time that this particular plan was put together, speaking from Idaho's point of view, we didn't have the capability of making the kinds of projections you are talking about. We are doing that now. As a matter of fact, we have just finished utilizing, as an example, an econometric model looking at these kinds of things.

It was very successful, we feel, because we used it as a basis for our revenue projections. And in terms of being able to provide more detail on those kinds of things, I think it's going to be obvious that we know, from the very beginning, that these kinds of changes are going to be needed.

However, it's been also a case of the ability of the states to provide that kind of thing as well. It is very difficult to do that from a regional basis, now. It almost has to be built up because of some of the peculiarities that existed, indeed, within each of the states, let alone the peculiar areas between the jurisdictions.

Mr. HOUSTOUN: Interior?

Remarks by Department of the Interior

Ms. HOFFMANN: I have comments on two levels. One would be on the substance of the plan, itself, and one would be on the other level, the procedural basis by which the plan was constructed and the people that worked on it. In the substantive area, I think, considering the issues that underlie your goals and objectives, you have performed an editorial feat of outstanding proportions in making the report as non-controversial as it is.

The Department of the Interior has a substantive interest in every one of your goals and objectives. And yet, you haven't put anything in that report that we can argue with. That may be a plus or it may be a whitewash. Perhaps when I get to the procedural comments, we could discuss how we could ascertain which it is. It may be in your first goal—to improve per capita income and particularly for rural peoples—where the problem lies.

It obviously includes the Indian population of the region for which the Department has Trust responsibility. The diversity of industrial or economic base is of concern to us in the area of Indian Affairs, in addition to our concerns for the natural resources which will be exploited to expand that base.

The expansion of agriculture, obviously, is going to depend a great deal on the outcome of the President's National Water Policy. Enough said about that, I think. On point two, the environmental concerns, we have absolutely no argument with your goals and objectives.

And, again, when I get to the procedural part, let's talk about ways that the Department either is involved or can be involved: the Fish and Wildlife Service, the Bureau of Land Management, and the technical expertise we have in that region in all of those states.

I particularly like the notion that was expressed here in your presentation and probably applies to your other goals and objectives. And that is the notion of looking for areas where either states or other Federal entities, whatever they may be, are not active.

I think the notion of filling in gaps and of support of existing efforts is a sound one for these commissions. The FRC in that region has done extensive work on the permitting processes, and I'm sure you know of that and will take advantage of it.

I still think some work needs to be done in that area. Your third goal and objectives had to do with natural resources. And, again, I would put forward our constituent agencies—Bureau of Land Management, Fish and Wildlife Service, National Park Service—as technical supporters as well as providers of dollars for those goals.

Also, in that connection, the Bureau of Indian Affairs, again, can assist in the delivery of public services, especially in the areas you mentioned: rural health, technical and vocational education, and transportation. All are extremely important to the Reservations in that area.

And, again, there are special programs under Indian Affairs. But the Indians also have access to all Federal programs that other citizens have. Sometimes the hardest thing to manage is the relationships between them—the interface between a Reservation and the surrounding counties.

Those are areas in which you all are in a unique position, with your state and Federal membership, to make a contribution. I would like to look for ways that we could reinforce the connections by which that happens on the ground.

The same would apply to the planning programs. Again, the notion of planning for large blocks of land and any interface among them, once the plans are down the road and people have committed dollars and considerable emotional energy to them, is one that you all are in a unique overview position to do something about.

There is a great deal of discussion, in many forms, in the Government about excessive coordination and still not enough effective coordination happening. It is my view that, apart from how many entities you need to do it, everybody in that business needs to make a concerted effort to connect both the element to meet them and the other entities that are trying to do the same thing.

With regard to the process of the plan, itself, as our memo highlights, it isn't clear from the plan who did the plan, who worked on it, where a state or a local entity would go to follow up on it, what you do with the very good ideas that are in there.

That is a feeling. Some of the other regional plans have had it, some have not. But the notion of how our field people, how BLM state offices and district managers would relate, where tribal officials would go, where county officials would go is, I think, a useful one.

It could, perhaps, be an Appendix. It, perhaps, doesn't need to be part of the body. On the other hand, perhaps it could be built into the narrative. I think, as a practical matter, that would be useful given that this is a public document and the state of knowledge about what the Feds are up to is marginal.

I am concerned that the time in which we get these for official review in Washington is too late. I wish that we could be—and perhaps by a meeting or some sort of exchange of ideas—early in the process when you have an outline so that when you hire consultants to do work, perhaps we could piggyback to include projections of the kinds of things that we need for BIA or that the BLM needs for an allowable cut, or whatever the problem is there.

And then, just in closing, I want to reinforce the notion you expressed that the process, itself, is important; the process of having a plan, having a document that is a common document and sharing it amongst officials and the interested citizens at all levels.

Again, I would only say that if you're going to update it annually, and if you are going to have a citizen participation plan for so doing, Federal agencies, particularly our field arms, should be involved in that too. We should be amongst the framers of questions. We should be amongst the digesters of information received, and we should be amongst the solicitors.

I think that is, again, a catalytic convening function that you can usefully perform.

Mr. HOUSTOUN: I think it's very useful. Do you want to respond to that?

Mr. MC PHEE: I don't have any response. It was well put.

Mr. HOUSTOUN: Much of that I would like to request you put in written suggestions to us to begin to think about where regional commissions go in the future. Some of the procedural suggestions, I think, would be very helpful.

I'm not sure Bob and I can talk about where we stand with the next plans coming in. We may make some—

Ms. HOFFMANN: Maybe Bob and I should sit down and go through this. I generally know the Four Corners and Old West Commissions and how the staff interface works and who it is you're working with. But I'm pretty sure in the Pacific Northwest it's a little bit different because of the way our states are arranged and because of the bulk of our interest there.

But I guess I would do that. Our memo touches on it, but I would be interested to go into that further if that is helpful.

Mr. HOUSTOUN: Thank you.

Mr. BOYCE: I think this is a significant enough question that it might arise here sooner. I would like to address, first of all, just some basic comments on the process because this is one thing that Malcolm and I, and others who were working on this, looked at. I think we really came away from the whole exercise feeling that, yes, we know this thing needs to be better defined, so to speak.

But I think also that one thing that wasn't evident in the plan, and perhaps, you know, you get to a point where you start making some value judgments, such as how many addendums do you put in the plan. Pretty soon, you could have more addendum material than plan.

And there was some very interesting malice aforethought in terms of this planning process because the economic development task force on PNRC, of which I happen to be a part, included the EDA 302 planning agencies.

In our case, it included the whole nine yards. The agency that I just left, particularly dealing with 701, was the comprehensive planning agency for the State. And therein lies the interface with the Indian tribes in terms of the State of Idaho which is generally the case in the other states up there and therein lies the interface with your cities, your counties and your regional organizations, the COGs, if you will, or economic associations.

So, it was there. It just was not really well explained. Plus, I think, a very important aspect—perhaps, again, it could be highlighted a little bit more—was the public participation in this thing. In fact, in our case, we carried it over. We called it the Idaho's Tomorrows Program.

It pointed out as many problems as we had solutions. But we actually took this, and this was something that was, very frankly, funded through one of the Commission projects, and implemented on a state level.

The goals and objectives of the citizens were put in the budget preparation, and we interfaced our planning and budget in the state. We actually put this in the budget preparation which is important because, for the first time, it drew the attention of state agencies.

Now, some might say, well, why are you talking about a state here. But I think we have to look at the internal operations that go on within the states to understand what happens at the table that our chief executives meet and the decisions that they make.

It's a very tight, a very close interface, and it's one that is absolutely necessary. Because, I'm convinced that the ability of the Commission to do the kind of a job it needs to do is going to be greatly dependent upon what each of those individual executives brings to the table when the Commission meets. Very much so.

Ms. HOFFMANN: There are two points I want to make on that because, for one thing, I meant to compliment you on the fact that it was state officials who were holding up your end of the discussion. I really think that is excellent. My comments about what is contained in the plan come from two things: it comes from the mechanical thing that you get very close to when you're the writer of it.

The other is that this is the Federal community. Most of us, in our day-to-day work, are not involved in on-the-ground stuff in the regions, per se. Nor do we need to do it. We have a whole bunch of very competent folks out there doing it for us.

However, we are the ones that have to make the decisions about who it is you are communicating with out there and what good you are doing. So, just as a communications device, there needs to be an indication of how it is you get to your folks in the region who have been involved with you; get the useful policy suggestion surfaced at the policy level.

We checked around noting the absence of any indication as to which of our many offices you contacted, and we came up with practically a zero. We did a lot of detective work. It was very hard to figure out.

They say, oh, yes, those guys ask good questions sometimes, or whatever. It's not clear that you got to the right place. And that is not an issue except that it is a symptom of what you are communicating. It's just useful for future reference.

I understand your burden about keeping Appendices to the minimum.

Mr. BOYCE: I think another important point needs to be made here and not in the sense of a challenge, but one that we have found to be a very difficult thing. As an example, in the State of Idaho, we are a very small state.

Ms. HOFFMANN: We just took a whole lot of your population to run the Department of Engineers.

Mr. BOYCE: The organization that I came from was also the main coordinating agency. We have made numerous attempts and, I think, very successfully in terms of dealing with the major land managers of the state, BLM and Forest Service, and through the A-95 review process.

But it is a problem. I hear and I've read over a period of time that we need more coordination. But when you're on the ground doing these things, it's very, very difficult to do on the state level.

And that, really, in the Pacific Northwest, is all relative. Idaho is probably the least complicated right now. But it's very difficult. And then, when you get that on a three-state level, it is very, very much magnified.

Ms. HOFFMANN: Again, I think that's something we can discuss because I'm not talking about coordination for the purpose of running drills. I am talking about coordination for the purpose of not tripping over each other and for getting everything done.

Mr. BOYCE: An excellent point.

Mr. HOUSTOUN: EPA?

Remarks by Environmental Protection Agency

Mr. BURKE: I took leave at the time introductions were going around, so let me introduce myself now. I am Bill Burke, EPA. Before I start my own comment, I would like to react to a point that was made earlier that Mr. Houston took off on showing another dimension to the SBA comment, the question of pirating.

I think you should be very careful before you turn yourselves around in the Northwest and become concerned about the country as a whole as opposed to the need to grow in the region. Some of the things that are happening around the country are natural tendencies that are going to happen.

New England has some industries that obviously are looking for a place to migrate. California went through explosive growth a few years ago. Most recently, the South and even more recently the Southwest have been growing. These are natural tendencies.

I think that a given region, if it has advantages that can be exploited and advertised, to lure industry where there are better advantages, as opposed to the lesser advantages of where they are now, is not out of order in doing so.

I think you are just riding a natural tendency to do that. So I think your primary concern, in my view, still should be exploiting the natural advantages of your particular region.

I am always concerned that, after you people have undertaken a massive exercise such as this, the comments seem to come at you unbalanced. I think that is constructive, though. As I read through the plan from the environmental standpoint, no one has to be very displeased with that plan.

But rather than spend a lot of time complimenting you on the very good points, I'm going to address my comments to some questions that were raised in my mind, and, possibly, some inconsistencies.

But the more I studied the plan, I found some of these things answered. So, perhaps, the comments that I'm going to make now already have been addressed in the plan and a more intensive reading would satisfy me on that.

A major point, my first point anyway, is that it is not clear whether the economic growth projections are tied into the development strategy. The plan is a design to move the economy in a certain direction to the extent that's possible.

My question is, does the economy that you see in 1985, 1990 reflect the natural growth, the dynamism of the area, or does it reflect the impact of your plan and the implementation of the plan? I was never convinced, as I read through the plan, that the economy you foresee is really the natural or the guided economy.

I don't know whether they really are tied in. Perhaps they are. As I say, maybe a closer reading of the plan would indicate that. That's a critical question because it seems to me that, if it is tied in, you've got a good case as you go around in your coordination process talking with the various states and the local development agencies.

You have a good case to say if we don't do this, then we're going to fall short of the plan. They could very well come back and say, well, it's going to occur whether you are involved or not. I never was quite sure, as I read through the plan, that the two are tied together.

The projected increase in industrial growth is constrained by various things: the determination to preserve the environment, energy, and water supply shortages. Now, forestry, one of the area's prime industries, is faced according to the plan, with a regional deficiency in lumber of harvestable age.

Yet, the projection shows an increase and assumes an increased supply of lumber over the long run. Other problems exist in agriculture and other industry sectors. Question: Have these very real constraints been taken fully into account in the economic growth projection? I wasn't persuaded by that as I read through the plan. Maybe they have been.

The next point, certain funding and monitoring is called for in Chapter 4 by the Commission. The question is, has the Commission's staff been funded to implement this?

Specifically on the environment, there are several references in Chapter 6 to improving air quality, even while undertaking this very substantial economic growth. Population is to increase at a rate two-thirds above the national average; and total personal income, substantially above the national average over the projection period.

Then areas are to be reclassified. It's already been mentioned here—classified on the deterioration level to permit further economic growth. There are certain areas that already are in nonattainment areas; that is, they are below the air pollutant levels that they are expected to have.

The question is, have you coordinated this with the regional environmental people, the state environmental people, to see whether you've got an inconsistency there? You can't have growth and you can't preserve the environment if you're going to reclass by areas.

When you reclassify to permit growth, you are reclassifying to permit further deterioration of the environment. I know, in the nonattainment areas, as I'm sure you know, there's an effective offset policy where, before you can bring a new industry in or permit a new industry to grow, you've got to find means in that region, that particular site, to lower the overall pollution level in order to permit that new industry to come in.

This offset policy is very strongly implemented in some areas of the country. And I just wonder, again, whether the plan is realistic. In effect, you can achieve growth and you can maintain the quality of the environment. But it's got to be very carefully investigated, very carefully monitored.

This is being done very effectively in some areas of the country. But you can't get it simply by saying that we want both. I am suggesting, again, the question of close coordination with the people who are very familiar with the problem to see how much cushion, how much give, you have on the environment to achieve the growth that you are looking for.

I have two other minor points. The report notes limitations of the development of future hydro sources of power: thermal, nuclear, and imports from other states. I noticed, in the Appendix, that the Corps of Engineers very sharply challenged your assessment on the limitations of the hydro-power.

I wonder whether that came in afterwards and you ignored it, or just what it is. Is there a greater potential there? It's a critical element in your growth and environmental possibilities. This was not addressed.

I read what you want to do and also saw the Corps report. The matter should be reconciled someplace in the plan. I also question as a viable option importing power from the contiguous states. Are these contiguous states going to have surplus power to provide to you and will they be willing and able to sustain the added pollution levels in order to supply power to the Northwest?

I think it's something that has to be addressed. Finally, one last point. The report notes that air quality will improve solely because of primary generation in transportation uses where controls "take longer to be universally applicable than point sources." That's very true, but to the uninitiated reader, that should be elaborated upon.

The reason why that is so is not an enforcement matter. It is simply that the controls that are on automobiles are only on new automobiles. The reason it takes longer is that we need time to retire the present fleet of cars that are on the road.

That's all I have to say. Thank you.

Mr. MC PHEE: On the first area, the base line projections in the report, they are the best estimate projections based on current conditions and past programs. The strategies in the report are based on anticipated modifications within the projection.

For example, the \$660 million or \$480 million in the economic development portion of the report was computed based on the level of additional capital investment required to bring the low income areas up to 90 percent of the national average by 1990.

So, the strategies, in effect, are based on the shortcomings that are implicit in the baseline forecast; a certain amount of additional income to be required to bring us up to 90 percent of the national average.

So, basically, the forecasts are without the strategies. On the question of industrial growth possibilities, one of the consultants that reviewed the report commented on the fact that this projection model, like most regional projections, as well as national projection

models, are basically demand driven. Even some of the more sophisticated models that are being used at the regional level are basically demand driven.

In our area, for example, the question of energy shortages comes up during a low water year. To be able to forecast what the impact of a shortage of energy would be on the economy, is something that we just haven't got the capability to do right now. In effect, what we do with our demand-driven models is to take shortages and make estimates of what those shortages would imply regarding demand. But I do think, and I referred to this in my presentation, that with some of the work in modeling that is going on at the universities, as well as the state agencies, before too long, we're going to be able to do a little better job dealing with supply constraints.

The model does assume that this has been pointed out, the elasticity of supply in most factors, and that just isn't the real world anymore. But on the question of the impact of the supply constraints on the forecast of the plan, itself, the best we could do—and we had to do it outside the model—was to deal with the lumber supply situation and other critical resource supply situations on an ad hoc basis. We then tried to work them into the analysis as we were able. For example, the Commission, as well as the natural resource agencies, do supply studies of timberlands, and so on, and give us a fairly reasonable projection of supplies over the next 10, 20 or 30 years.

Mr. BURKE: You're saying there's no contradiction between the statement of the deficiency of trees of harvestable age and the projected increase of supply? There seems to be a basic contradiction there. You can expect less supply, or you can't assume more supply.

You see, there is a contradiction there. At one point, you say you have a definite deficiency because the trees aren't old enough to harvest. And I took that. Well, there is a constraint. And then some pages later, I see an assumption, apparently, that part of the growth is going to be reflecting an increased lumber supply, assuming that the demand is maintained internationally and nationally for the product.

Mr. MC PHEE: I can't think of the exact citations that you are referring to, but from the work that has been done by the state agencies, the basic determination is that the region, with state, Federal and private lands, will be able to provide the basic timber resources to meet the demands upon the region's industry for the foreseeable future.

Ms. HOFFMANN: Can we count on your support in the Congress for additional forestry practices management money for Indian Affairs and for the Bureau of Land Management? The Forest Service would probably like it too.

Mr. MC PHEE: There may be some inconsistency in the report.

Mr. BURKE: Flag it. It's worth looking into. You can remove it if it is inconsistent.

Mr. MC PHEE: Fine.

Mr. BOYCE: One thing. In answering your specific question, at the last Commission meeting, the governors came up very strongly in favor of just exactly what you're talking about.

Ms. HOFFMANN: Did they?

Mr. BOYCE: Yes, in terms of management. It all has to do with where and the amount of lands available and in getting this whole thing squared away. But one of the problems

that was addressed was this very thing, that there just aren't enough resources at the Federal level to provide all the necessary prerequisites.

Ms. HOFFMANN: It's extremely complicated with an Administration that is trying to cut down the overall expenditures, and most of that constitutes a new expenditure. It puts it firmly between the rock and the hard place.

Mr. HOUSTOUN: Thank you. HUD?

Remarks by Department of Housing and Urban Development

Mr. MANHEIMER: I won't belabor the brief paper we sent in, but we do have a concern about the tradeoff question. A number of the comments on the original draft had to do with that. The EPA pointed it out very well in terms of growth, energy, increased energy, increased growth and preserving the environment.

Well, those are very tough things to try to do. It seems to me that you have to address yourself to more specific details of how you're going to do that. There are other tradeoffs that we are concerned with. And since you are relatively, as we point out, sparsely populated, you have a chance to do something about it that others don't; for example, the preservation of farmland and the encroachment of community suburbs or the expansion of cities. From that point of view, you have a chance to be a cohesive agency. You don't stress that potential role very well.

This gets to what Interior was talking about earlier. Before you have the problems, you ought to be working with the states to have similar policies about economic growth. I am reminded of the New England States and the Middle Atlantic States. They all got together and were going to have similar policies on economic growth. Then a very large company announced it was going to build a plant in the Northeast. It's unusual, I guess, but, at any rate, they did announce it.

And suddenly, Connecticut, New York, and Massachusetts were killing each other to get the plant and were going to waive their environmental concerns, and what have you. If you do this early enough, maybe you can get the states to agree that they are not going to kill themselves; they are going to preserve the environment; and they will take a cohesive stance in terms of economic growth.

We are concerned that you don't address community development in relation to economic development. Other plans that we've seen prior to this, and some that are forthcoming which we've been asked to comment on, do so. We think you ought to look at this because you have a chance to guide community development better than most. You don't take into account basic community facilities in order to do some of the kinds of things you have in mind.

I would hope you would look at that. And, in relation to it, we hope you will tie in, better than you have, a lot of the plans that we know exist in communities and regions. You put it in your procedure for doing so which is kind of through the state agencies, and in a way, when discussing regions and EDDs.

It seems to me that all the existing plans should be a mosaic for your plan, and I don't see real evidence that that is the case. Also, in terms of President Carter's newly announced urban policy, it seems to me you have to have some urban impact considerations in your plan.

You are not able to urbanize, but there are enough urban areas. You should weigh your plan in terms of its impact on some of the major urban areas, particularly in terms of those areas that have poverty and disadvantage concerns. I point out in the letter that we are aware of several Federal Regional Council concerns in Region X that you haven't addressed in the plan.

They are so important that it seems to me they should be addressed. One is migrant workers. We haven't mentioned Indians. We assume that Interior will. But, of course, there are concerns there too. But we know at least in Oregon and Washington there are major concerns about migrant workers and their heavy impact on whatever you plan to do in terms of economic development in the area.

We know, too, that one area is undergoing very great growth and that has an impact on the whole region. That is Kitsap County because of the Trident Missile Base that the Navy is building there. It seems to me that a regional plan has got to consider these hot spots and be able to try to solve them in terms of the region, because Kitsap County is certainly a regional concern.

If you're talking about additional Federal funds flowing to the area, I don't see a great deal of additional Federal funds flowing to the area. But, certainly, they are going to flow in the hot spots like Kitsap County.

So, we hope that you talk to the Federal Regional Council about those Federal concerns that heavily impact on the region. That you try to include them in the plan now when you can do something about them rather than let them become disaster areas and then try to clean up afterwards.

I think that's about it.

Mr. BOYCE: I would like to address some of these things, because I think that in the discussions that we are talking about having later on this Federal-state partnership the perspective that many of the Federal people have relative to this Commission, to the states, the areas that you've talked about, community growth and economic development districts, and what not, is viewed as being a very big happy monolithic structure.

A very important part of being able to develop policies, coherent policies, at the state level and then seeing those policies emerge at the regional level is being able to deal with the multitudes of policies at the Federal level, the Federal-regional level, as they are expressed within our individual states and as they impact the region.

And I would submit, very strongly, not until we can make sense of these policies that come down from the Federal level are we going to be terribly successful at the state level. I say that because we have spent a great deal of time looking into this policy area.

The legislative branch of state government is quite often forgotten. And, in some instances, the chief executives who are responsible for intergovernmental relations are outside the state. The legislative bodies and their particular chief executive may be at odds for periods of time. This has a definite effect in terms of being able to do things. You look at the State of Idaho, as an example, where we are 64 percent Federally controlled; 64 percent of the land base is under Federal control.

So it goes back to the discussion about hydroelectric. The Corps of Engineers takes exception to the fact that perhaps we don't have a dam on every stream in the Pacific

Northwest, yet you have the other side of the coin with very strong environmental concerns as to what is done to the fishing in the area.

I'm not saying that this is a reason to just stand back and watch it all disappear and, hence, not work on it. We're very much interested in identifying these kinds of policies. Again, looking at this comment, I think reflects on just what the Commission is.

It is not a body whereby the three governors get together and lay out policy that is going to affect all the states equally. That may, eventually, happen in some instances, but it's going to be a situation that results through a lot of negotiation.

And, again, I go back to what I said earlier. It's a matter of what the individual, each chief executive, brings to that bargaining table. And that is a coherency of plans, of planning, and policies.

Mr. MANHEIMER: I said you could be a force for coherency. The stronger and more rational your plan is the more you will be a force for cohesiveness. Let me take a crack at a couple of things you said. For one thing, you are very lucky. You're in one Federal Regional Council.

Some of the regional commissions overlap their regional councils.

Mr. HOUSTOUN: You will admit that is at least debatable, won't you?

Ms. HOFFMANN: I second the motion.

Mr. HARTLEY: Yes.

Mr. MANHEIMER: Also, I don't know if the regional commissions, for example, take advantage of the fact that in every Federal agency now, there are intergovernmental people at a relatively high level who are not only supposed to interpret policy but are supposed to be, in a sense, advocates for the communities.

So, you do have an opportunity, now, to get in at a fairly high level in a Federal agency and try to find out what the policies are—and particularly what the policies are in relation to some of your concerns.

Mr. BOYCE: A key point to developing similar policies on economic growth in the Pacific Northwest is finding a solution—and I'm speaking from a state level right now—to the problem that state governments and, especially, the Executive Branches get involved in. And that is the way Federal programs are articulated. In some instances, I, as a state director of planning, was told to keep my nose out of certain kinds of programs. We knew generally what was going on because this was going to be a relationship between the Federal and local area.

But not until a major bonfire had been started and was in flames were we called in on the thing. I think that this goes back to some of the work that I was doing with the Executive Board for the Council of State Planning Agencies and the National Governors' Association. I'm not completely sure that the states' roles in all of this are very well defined yet. Because, I am certain there are many in the Federal establishment that really don't want the states involved.

Mr. MANHEIMER: We're also extremely concerned with the localities' roles that are not defined in this document.

Mr. HARTLEY: Certainly.

Mr. MANHEIMER: They have a very difficult task of it, just plugging it through the states. They have to find some way to plug their plans and aspirations in directly to the Commission.

Mr. HARTLEY: Yet you see, in that kind of a recommendation, what you've done is to set up an end-run situation. It seems to me the reason this is so is because there are requirements. If you go through, as an example, Title II or, excuse me, Title III of the Public Works and Economic Development Act, there's a very definite requirement in terms of coordination with your cities, your localities, your economic development associations or districts.

Again, it's a process. This goes back to the process that was mentioned before and over which I think there is a great deal of disagreement. I hear it being said that we have the chief executives who make up this Regional Commission and who are also responsible for the internal relationships with their communities.

We have to deal with the legislators. I would also like to point out, very readily, that each one of the states in our case, as an example, has a little bit different kind of relationship.

Idaho has wall-to-wall economic development or planning regions. The other states, the other two states, really don't have that kind of a relationship. But, nonetheless, the responsibility that lies there is one that is very much, at the same time, an internal process that is within the state.

There are constitutional requirements in terms of that interrelationship with that same chief executive we're talking about, working at the Commission level, when he deals with his own state. So those things have to be reckoned with.

Now, that doesn't mean that there should not be a more clearly defined process. I think that that is a very, very cogent comment.

Mr. MANHEIMER: As suggested, when we come to the point where we begin to discuss the next generation of Title V Commission activities, maybe we can get to some of these things and find out how to properly plug in localities without end-runs.

But, also, make sure there are much more detailed plans in some cases like the Housing Assistance Plan, for example, or Housing Opportunity Plans where a region can be plugged into an overall plan. Those are existing detailed plans that can't be ignored. You have to find a way to get them, either through the governor or not through the governor. But those things should be included.

Mr. BOYCE: Yes. One probable good example of this is the way particular Federal policies are applied—you might say haphazardly. You're saying that we're all one Federal Regional Council. But yet, our region is made up of more than one forestry district.

In our region, I think, our governors have said from time to time that more attention appears to be given one district versus another in terms of funding, resource allocation, and attempting to impact upon what logs may be cut, and the resources available for reforestation, et cetera.

This is a policy on which I don't know how much more impact we can have other than bringing it to the table and pointing it out and asking some of the agencies to forecast. There are some real problems. This is something that everyone, I think, has to work with hand in hand.

They don't know that there's any solution that is readily available.

Mr. HOUSTON: HEW?

Remarks by Department of Health, Education, and Welfare

Mr. HENTON: I have two sets of comments. The first one deals with the conditions, the description of the regional conditions. The other set deals with the strategies. In general, I think the description of conditions is pretty good.

I think we can agree, and the public, particularly, when you get into the public services area that health, particularly rural health, is an important concern.

On a nationwide level, we are finding that we have a problem of surpluses in some health areas and shortages in others. With the new health planning law and with information available at the state and substate level, try to look at some of the statistics they might have in the region in terms of the areas where there are shortages or underserved areas versus where there might be surpluses, particularly when you count the number of beds and the number of services available.

I think some of the information from the health services or the health systems agencies at the regional level and the substate regional level might be provided in the analysis section. Then when you get into the strategies—because I think our concern is that rather than just adding more money for hospital construction, more beds, more facilities—there might be some reallocation of existing resources, rather than simply adding new resources. You might just want to touch on that in the analysis section.

One thing that is left out and over which we are concerned at HEW are some special population groups, such as Indians and migrants.

We are particularly concerned with the issue of migrants right now. We have a group that is working on that. But also, we are concerned about the elderly, and the Economic Development Section talks about raising the income, per capita income, in low-income areas.

I think this will have an effect on wage earners and employables. But in terms of the aged, there might be some concern there. How do you deal with that problem, particularly, in the pockets of poverty in rural areas? I know that in fact, we, our regional office at HEW, is doing some work on a demonstration basis with the Pacific Northwest Regional Commission.

I think one of the states has some programs on the aged, manpower, and also in the health area. There might be ways to look at this in detail. In general, we are getting more involved in rural health. I think that's why we can agree with your concern in rural health. The issue in the strategy section that concerns us is under Public Services. We talk about some activities in the health area and the education area.

It would be of help, I think, at HEW, in terms of being specific, in terms of the programs you might have in mind, if we talk about resources in that area. I think we would like to know how much you think are Federal resources and how much are state.

What types of programs do you have in mind? I seem to recall some of the other plans actually listing particular OMB catalog numbers which you haven't met particularly in health and vocational education.

We do have a rural health initiative that is taking place in HEW that I think would fit in nicely with this demonstration notice that you have a rural health program. We obviously have the National Health Service Corps which will try to help move people into underserved areas and community health centers, and this sort of thing.

So, if you are looking for additional HEW funding, I think it might be useful to identify those projects and programs. That might be an implementation to this plan.

But in general, I think we can say that the direction seems to be pretty good. We would just like more specifics in the strategies area.

Mr. HOUSTOUN: Any comment?

Mr. MC PHEE: I would just say, again, it is well put. I think in that particular area there is a need to come up with more specific programs. I think the Commission staff in the states are working now on the first revision, and, certainly, we will take those comments into account.

Mr. HOUSTOUN: Energy?

Remarks by Department of Energy

Mr. FREDERICK: My name is Dan Frederick. I'm here representing Sam Hughes who is Assistant Secretary of Energy. I think, in the future, you will find Sam in as many of your meetings as he can make. He's looking forward to it. He is most particularly sorry to miss this one since he is a native of the Pacific Northwest. He is very knowledgeable about it. As you know, we are still suffering through the pains of reorganization. Our process for reviewing the plans isn't really in place yet. We had this plan reviewed at our regional office, and we are blessed, in the Northwest, with a very good analytical capability.

Regrettably, that is not the case in all of the regions. So, I think we will have to be working entirely here in Washington to find a better way to provide comments. Our comments—I think everybody has got a copy—are fairly good, but I don't want to really dwell on those.

Our preoccupation, of course, is with energy. As you are undoubtedly aware, there are a number of uncertainties associated with the energy supply in the Pacific Northwest and the controversy over how the effective cost of switching from baseload hydro to baseload thermogeneration will be borne. What are the various classes of consumers, and so on. Also some questions as to when power from some of the thermo-plants that are now either under construction or are in the planning phases will actually be available.

It seemed to us that energy, certainly, is a potentially limiting factor on the plan. I guess my real question is, what is the linkage between the Northwest Energy Policy Project and this document? I'm aware that Mac is a preacher of the Pacific Northwest Regional Commission.

I guess my position is, as we point out in our comments, that there is a controversy associated with the various power projections that have been set forward in the Northwest. Thank you.

Mr. BOYCE: I'm going to sound like I'm hedging, which I'm going to do, because the NEPP project, of course, is something that was really not finished until after the plan was done. There has been some discussion as to some of the inaccuracies, if you will, on the part of some of the projections in the NEPP plan.

However, there has been a decision by the Commission to maintain that particular project and continue to deal with it and resolve whatever conflicts there are with it.

I wish there were some easy answers. There is so much going on in the field of energy. We recognize that. In fact, we've also got Montana in this. There is a little bit of disagreement between the Governor of my colleague here and the Governors of Oregon, Idaho, and Montana in terms of the Bonneville Power Electricity.

But it's a much larger issue than that. It goes back to the earlier question on the hydro-power. Is it really feasible to import power from around the surrounding states? Yes, it is. Because, as an example, Idaho has, under former governor and now the Secretary of Interior, and the present governor, really stood back on cogeneration fired plants.

In addition, just before coming here, we learned that the utilities may now very well be constructing that cogenerating coal fired plant in the State of Nevada. Indeed, you will see importation of some power eventually.

The tradeoffs, where you get your power, and where it goes, and what not, as you know, is a very complex issue. The answers are not readily available. But it is one which we are examining very carefully. So, there is that kind of potential for importation.

Going back to the beginning and some of the comments that were made in terms of piracy of industry, I think one thing that hasn't really been given enough visibility here is what the industry thinks about it.

There is so much that we can do in a public hearing and so much that we can handle. But, also, the industry has a great deal to do in terms of whether you are talking about industry coming into the Pacific Northwest, power generation, and these kinds of things.

And, of course, I kind of chuckle at times because I think that we, in the public sector, sometimes feel we have hold of the throttles, and we have control of everything. But that, really, is not the case.

I've jumped around a little bit, but it's a very complex thing that we're looking at. Yes.

Mr. FREDERICK: One more question for you. It's my understanding, and correct me if I'm wrong, but doesn't the NEPP project have several scenarios for energy supply?

Mr. BOYCE: Yes.

Mr. FREDERICK: I noticed you referenced the NEPP studies in here. I'm wondering what scenarios you've been looking for. Is it the most likely scenario or the best case?

Mr. BOYCE: I'm not really in a position to answer that. There are some negotiations going on now between the four states in terms of this whole issue. NEPP is involved in there somewhere, and I'm just not prepared to answer your questions specifically.

Mr. FREDERICK: I take it those kinds of things will be looked at in some detail as you finalize it.

Mr. BOYCE: Sure.

Mr. HOUSTOUN: I think the environmental limitation discussion, the resource question that has been raised, kind of underscore what was said earlier about the stage and shape of the Federal concentration and how Federal agencies can contribute to the Commission's planning if we pick the timing properly and have the resources in the right place at the right time.

Ms. HOFFMANN: I think a further example of that appends something that came out of the EPA discussion which is, we tend to talk about constraints on thermal versus hydro. There are exotic sources available.

Perhaps, you may turn out to be, again, in a unique "position" to encourage the use of solar—the sunshine in Idaho. I'm not sure about those other two states. Given the problems you have with certain kinds of resource management, particularly with water and fisheries, in both hydro and thermal, and given the fact that in the Northwest, for Indian fisheries, particularly, but also for everybody else's fisheries, we may have pressed the limit in terms of what at least certain segments of streams can handle.

I think that it takes a very important balancing consideration to get both your economic growth and environmental quality maintenance done. Again, that may be an area where, although a lot of people are working on it, there is a gap in production of solutions.

I agree with Larry. Perhaps, procedurally, we can assist with that.

Mr. BOYCE: There's another assumption too. In Oregon, for awhile, they determined they were not going to play a passive role in population growth. There are both incentives and disincentives to population growth the states can apply.

If you assume a passive role, you're going to continue in a statistical course. That is one thing. If you're going to apply incentives and disincentives, you can, in a way, govern what you're going to do.

Mr. BOYCE: Again, as with any planning process—I've been involved in plans at the local, regional, and substate regional level—everytime you get something in print, you say, oh, here's something that's happened. I should have included it in this thing.

Specifically with what you are talking about in terms of growth management policies, again, in the State of Idaho, our Governor is saying, "Look, we've developed the attitude that we're going to grow. There isn't a lot we can do about it, but it's how we grow, the quality of that growth, that's important."

We are very definitely going to be looking here within the next six or seven months. We've just finished a series of economic and development growth conferences around the State to get the citizens' attitudes again. We will, based upon those, develop the policies you are talking about.

We're very excited about those things. I think your comments are very well taken in the sense that we do have a chance out there. We're not quite as complicated. We have not quite as much land area as you might suppose. You know, people look out and see all this land in Idaho, and they don't stop and realize it is 64 percent Federally controlled.

When you start putting those kinds of figures in, you don't have as much land base as one would perhaps think. But, one important thing with what you said, and I try to say this no matter where I go, is that I don't believe the role of any of the Federal organizations or state organizations, in terms of this coordination thing, whether Federal Regional Council or whatever kind of an organization you put together, is going to be a viable, ongoing

type of an operation unless, somewhere along the line, that involvement is built into the annual work programs of the individual agencies involved.

Because, we have found, time and time again, on some very critical issues, it was extremely difficult to find a propitious time to get all of the key actors together because they were so damned busy on other things.

You are dealing with limited staff; the Forest Service is dealing with limited staff; the Bureau of Land Management—you just continue going down the line. It has to be built into their annual ongoing work programs. I think that that has been, perhaps, one of the reasons why the Federal Regional Councils have not been as strong as they possibly could be.

Mr. HOUSTOUN: Department of Army?

Remarks by Department of the Army

Mr. DILLON: I'm in the Assistant Secretary's office for Civil Works. And, as such, I don't deal very much with military. My area of interest is water resource development and especially what the Corps of Engineers is doing.

I think that you've raised the expectations of a lot of people by calling this a plan in the comments that I've read and submitted to you in writing. I think I will dwell on that some and on what I heard before. You've also called it a strategy, and maybe, I think, that would be a good name for what you've done so far.

Who is going to do what, and where are the funds going to come from? The coordination that was referred to by the gentleman from HUD followed the pieces as laid out. So I just think you don't have a plan. You have a strategy of what you can build with.

I think that's what a lot of people have been saying to you. The Corps of Engineers provided some comments upon the draft. I think those comments are valid and you've seen them and have not seen fit to revise your final report along that line.

But, nevertheless, I think that they still would remain as Army's comments to you. The coordination, I think, is the big thing. The gentleman from Idaho just touched on it. In order to get anything done, you've got to get all the Federal agencies lined up in the same direction on budget and priorities.

The states have got to come in that area too. A plan is a place where you can leave that out and either get agreement or disagreement. And then get something going. The Pacific Northwest River Basin Commission has done a lot of planning and is dealing with a lot of things that you people have been dealing with.

And that's one of the things that wasn't clear at all between the work the Corps had done and the strategies and programs you are sketching out. I think, in our letter to you, we said that we think you do have an intensive compilation of regional goals, and so forth.

I think maybe one of the things that would improve the document from the standpoint of the administrative area rather than the working level person, is to put a lot of the projections and the detailed charts into the appendix.

As was suggested, you might put in a lot of the details of the coordinative mechanisms in the appendix. The other question I had was how are our comments going to be handled with respect to any changes that might be made in the report in view of one comment that the Corps made, which was just a grammatical suggestion to change the name of Hills Canyon to Hells Canyon and it was not made.

Thank you.

Mr. MC PHEE: I would think of the annual revisions. All the comments that we have received around the table and that were received in writing will be taken into account. If there were some suggested recommendations and corrections which did not make the final draft, all we can do is apologize for that and try and not let it happen again.

On the other point, I don't think we could quarrel with you regarding the nomenclature of this thing. We do call it a plan. It was called a plan as a requirement in the statute.

But I think it is quite different from, say, a plan to build a house or talk about economic analysis and engineering studies and the difference there. In this kind of document, whether you call it a plan or a series of strategies, the fact of the matter is, with the material and issues we are dealing with, there are just a large number of forces that we have very little control over.

We have to estimate, as best we can, and we don't know how they're going to influence future events in all cases. In addition to that, we mentioned, also, the number of jurisdictions, institutions, and agencies by varying responsibilities.

Some of the things that are going to have to be done are going to take a great deal of work with the Federal, state and local agencies involved. Simply, it is probably not within the power of the Commission to begin assigning responsibilities to the different jurisdictions.

But I think that can be worked out. As I say, I can't really quarrel with the argument that this doesn't represent a plan where everything is set out very specifically as to who does what, when, and so forth.

Mr. DILLON: It's very difficult to get where you want to go unless you do something like that, at least on a general basis. And that is the purpose and the beauty of the plan.

Mr. MC PHEE: I think as the programs are further developed and when the Commission enters into contractual agreements to get certain things achieved, that that is where the responsibilities will be delineated in some of the things you talk about as required of the plan.

Mr. BOYCE: I think that I have to chuckle again, to some extent, about the notion of the plan, whether it's a strategy or a strategy plan, or whatever it's called. In looking at the planning process, being that that is my profession, I have to chuckle because when we talk about the interface of the state, the local, the subregional, and you look at the state agency planning, you know the Forest Service has a planning process.

The BLM has a management framework plan. Your cities and counties go through an overall economic development plan. Housing and Development has the 701 comprehensive planning process. Now, the Rural Development Service, under Farmers Home, is coming up with another planning process for rural economic development.

I chuckled because it's just going to be one horrendous process. It's a horrendous process at the state level to try to make sense of this process. And, again, I think it's important to explain that I don't think anyone in the very beginning—at least I certainly didn't, and

I know Mac didn't, and any of the others—felt this was going to be the end-all argument. It isn't as simple as sitting down and doing a management framework plan and making comments as to whether the information in there is proper or improper.

So, I think that's part of making the comments into this kind of thing. But it's a much, much more complicated world. We still feel we're going to be successful in finding the interface for it. Hopefully, we will be dealing in the near future with all three states at somewhat of a comparable level in the planning mechanism.

Just very recently, for instance, Idaho has had economic development/COG in all six planning organizations. But I think, yes, it can be counted on that the comments that have been made by each one of the individual agencies will be looked at in detail relative to the plan.

Now, that's not guaranteeing that they're all going to be found in the plan. But we've received some, I think, outstanding suggestions.

Mr. HOUSTOUN: I think we would do well to ask your suggestion on the future shape of the regional commissions but limited, obviously, to the amount of interaction you can expect out of any system. On the other hand, there are some elements having higher priorities for communications and interactions that I think we ought to pay attention to. Or, at least, let's begin to identify the process as a high priority. The Department of Agriculture.

Remarks by Department of Agriculture

Ms. JUSTICE: One of the things that we are pleased to see is the goal on improving the delivery of public service to the rural areas of the region. I regret that I'm not prepared to discuss the objectives and goals in depth. I understand that Mr. Kugler will send some specific comments on those goals.

Mr. HOUSTOUN: Thank you. Bob, do you have any comments?

Remarks by Department of Commerce

Mr. RAUNER: It's been a custom to elicit comments from three or four members of the Commerce Department. They are NOAA, EDA, BEA and ITA. It is interesting to receive their comments and then note the variations from year to year which are a reflection of changed staff and changed interests. I won't go into any great detail because they've been submitted formally. Their comments fall into three broad categories most of which reflect what you've discussed already: the planning integration and coordination problem, the planning implementation problem, and some comments about methodology. In the case of planning integration and coordination, several, notably EDA and NOAA (which means coastal zone management programs) asked that you consider a stronger statement; a stronger interaction with the other planning that is underway in those activities, 302 for EDA, and the coastal zone management program of which two of the states have, as you know, operational managers.

ITA also commented on the planning issue and noted certain planning requirements from the EPA as well as the EDA. They thought there was some place for some better coordination and integration there.

Now in the area of implementation, there were a number of comments that they couldn't find in the document a way, a structure, a process to take the goals and strategies through some kind of implementation activities. Who was to do what? You've already discussed this, so I'm adding a footnote on behalf of these other commentaries. Both outside reviewers, of whom one is here with us today, raised the same point. In other words, how, what role, and what entity, would attempt to carry your strategy forward?

Now, methodologists, naturally, would find their way to the Appendix and look at the model and the forecasting techniques, and would ask questions about that. Both BEA and one of the reviewers asked some technical questions that probably ought to be looked at carefully. I know that you plan to do that anyway. You've already told us that the basic methodology was laid down in '74; we know something more about that today, so there may be some room for improvement.

EDA and ITA, in the context of methodology, asked about the urban element of the plan which our representative from HUD has already spoken to. They felt that it probably ought to get a little higher spotlighting. Once more, we can understand why it wasn't stressed and where the plan came from. But things are different now. And there is a telling issue.

So, these are the key points that are made. I will just end on this note. I have heard all of your concerns, particularly Shirl's, about planning and the use for it. We have to keep it in perspective, however. Somewhere in the recent past, there is an article written under the title: "A Plan is a Four-Letter Word! "

Mr. HOUSTOUN: I'm going to ask the representatives of the Commissions if they would like to speak.

Remarks by Ozarks Regional Commission

Mr. JEFFERS: First, let me say that we read the plan. As a planning document, it is terribly superior to our own, the Ozark's planning document. It is far more analytical. It really goes a lot further than ours. And so, I have no comment on that.

The problem, I think, that is not peculiar to the Pacific Northwest Plan is a problem for all the Title V Commissions. At the risk of exposing some ignorant heresy, I find that most planning by Government is not really related to economic development. I think that governmental agencies, ours included, if we are a governmental agency and there is some doubt about that at times, labor under the fond notion that Government creates economic development.

I don't think it does except in such areas as massive defense contracts, interstate highway programs, major capital investments like TVA or Bonneville, and that sort of thing. I just don't think Government creates economic development, not in our society.

I think that Government can better follow up or follow on and support private enterprise or private business which is the real creator of economic development. An illustration of that is, for example, in South Carolina. I would suspect that the Michelin investment in

South Carolina has done more to create economic development in the past few years than any single Federal program in South Carolina.

I would suspect that General Motors, putting their new major assembly plant in Oklahoma City, has done more to create economic development in and around Oklahoma City, including the rural area, than anything the Government could do.

Therefore, I think that a Title V Commission, since it is dedicated to economic development, has to have an operational method to fit itself to assisting private economic development. And that is what Bob Rauner was just commenting on, that operational mode; a method of fitting itself to private enterprise and how you go about assisting it.

Now, the ignorant heresy that I want to expose today is that I expect it is double heresy within President Carter's Administration. I never could understand how competition is a good in private enterprise in this country and competition is a bad in Government enterprise.

I personally believe that competition within Government is not all that bad. And I think that what a regional commission has to do, because it's in a peculiarly good position to do it, is to take advantage of the competition between Federal programs.

I don't mean to go out and encourage competition, but to see how it can fit into the various grant, loan and other programs that the Federal Government has, use them in a coordinative way when possible or practical; use them in an individual way when not, but fitting them into this operational method so that you relate Government enterprise and private enterprise to bring about new jobs.

Now, I come from the part of the country that has been accused of doing that to such a degree that we have become pariahs. But I don't think we do it too much. I do think that you have to have an operational method of bringing Government dollars into conjunction with private dollars.

I think you've got to look where the private dollars want to go and then follow them with those public dollars to see to it that they go there successfully. That doesn't mean raiding for plants or relocations, but to follow the economic trends and put those private dollars or those public dollars where the private dollar is going to go.

Mr. HOUSTON: Thank you. The heresy is not totally unfamiliar. I will let it go without comment.

Mr. HENTON: One thing that strikes me is that you may see a growth in public service and maybe less in terms of spending. You know, I think the plan points out that for the amount of money that the public dollar expends, the private expenditure would be much, much greater in terms of dollars spent.

But I think there is a great role in the area of positive and negative incentives. I think that one thing that we're getting into at HEW is nonservice modes where you can actually do things without spending a lot of dollars for additional services.

You can set up incentives, both positive and negative. For instance, we're setting incentives for health care and development of services in different areas.

I think that's a whole new area. It doesn't take a lot of additional dollars, but it gets you into incentives. Obviously, there's a lot of concern about over-regulation and the problems of regulation. But that's another area that you may get into in this public, private interface.

Mr. HOUSTOUN: I would like to identify a second heresy which is that the sum total of the social advance is not equal to the Federal appropriations and the delegation thereof. This has been a very heavy morning.

Any other comment?

Mr. ETHERIDGE: I would like to say a few things on the subject of piracy which has been brought up before. I realize, of course, that much of the new industry that the Pacific Northwest is counting on is probably going to be indigenous industry coming from within the region.

Far be it from me or SBA, which has not taken an official position on this issue, to suggest that every new industry coming into a region is piracy. I realize that these economic forces, which Mr. Burke mentioned, do occur and should be given full play.

Some economic forces are forces which appear to be in the direction of natural economic forces to, one the gaining region, but may not appear to be the natural economic forces to the losing region. One might say that it is more a case of artificial constraints and artificial incentives, many of which are offered by the Federal Government; for example, a pattern of grants, the artificial levels of energy prices, and energy availability. It may play quite a part in the movement of energy. So, I, certainly, am not against, and I'm sure SBA is not against, the movement of industry from one part of the country to another.

But I think that there has to be some credible referee in the process. Perhaps the Office of Regional Economic Development, the Department of Commerce, or some referee with credible credentials can step in and say which are the economic forces that we want to aid and abet and which forces we do not want to see run rampant or to act unchecked.

That is all I wish to say.

Mr. MANHEIMER: Of course, we didn't mention zoning and all the other good things which are incentives.

Mr. ETHERIDGE: Right. I think we have to think about the movement of industry in the same way we think about the movement of hydropower from one region to another.

Mr. MANHEIMER: One other point about that. It seems to me that though there has been a lot of work on it, no one has mentioned the negatives of that kind of industrial growth. And everyone figures when they get a new plant, they are gaining.

I worked in an area in New Jersey that thought they would be entirely tax free because of the new industrial parks and all the new industry they were getting. It turned out that taxes rose because they had to provide more in services.

It seems to me that that part of the equation is very little thought of when people are trying to "attract industry." In San Francisco, for example, a book was written by 34 people, and it was about the skyscrapers in San Francisco.

San Francisco thought that, when it developed up from the ground, it was going to become extremely wealthy because they were using all this space. It turns out that they're hurting, too, because of the additional services required.

That unit is very difficult to document. And all plans go on the assumption that the more you attract, the happier you're going to be and the more revenue you're going to have, and what have you. It seems to me that in every plan there ought to be a little caution about additional services needed.

Assaults on the environment are insults on the environment when you look at this kind of growth.

Mr. HOUSTOUN: Fiscal impact analysis is still fairly primitive. But I suspect it's probably more productive than its usage would indicate. I've seen some pretty impressive things, including some work in Idaho, as I recall.

Mr. BOYCE: Yes.

Mr. MANHEIMER: The problem, Larry, is no one wants to do that when they are protecting the brave new future; that only comes out later when you look at the impact where growth has occurred.

Mr. HOUSTOUN: I look at Wyoming, and that's why they did it up front.

Mr. NEWTON: Mentioning the regional differences of movement back and forth, has there been a document or something that's come out of the White House Conference on Balanced Growth? Would that be trying to address some of these macro-concerns because, when you start talking about the regional issues, you have to get into the—

Mr. HOUSTOUN: There are two stages of documents. There's the initial set of reports that came out of the workshops. Those are available, and we can make them available to you if you would like. There's a final report which is still in preparation.

The White House Conference staff is putting it together and the Advisory Committee will be meeting on it next week. There are also one or two different special analyses that were done—Bob, was there one done specifically on Title V?

Mr. RAUNER: Not to my knowledge.

Mr. HOUSTOUN: There are a couple of these that bear on the Title V question, I guess not conclusively. But I want to get those out now that you have reminded me of them.

Mr. HENTON: I was thinking of some of the institutional arrangements on Title V and the whole issue of how you deal with the changing regions, and whether there is a role to be played up here in Commerce or somewhere else.

Mr. BOYCE: One comment. You were talking about piracy and our economic development and growth. We had this statement from the general manager of one of the smaller electronics firms in western United States by the name of Hewlett Packard, "If you're interested in Hewlett Packard coming into your area, here's what Hewlett Packard has to have before we will even consider it."

He went down a huge list which included the zoning, the whole land use notion, and these kinds of things. That's why I say, going back to the gentleman from the Ozarks, I sometimes think that we, in the public sector, get to think that we are the end-all and the be-all in this kind of thing.

There are decisions that we, in the public sector, will not even be privy to that are going to have, perhaps, a greater impact on economic growth than we realize. There are certain things that we can do, incentives, etc., but there are a lot of other factors as well that we do not have. We don't even know about them, number one, and we don't even have any control over them. Yet they are going to impact on us all economically in the development of growth patterns.

Mr. AUBERG: Would you care to explain or expound on why you feel that hydro is very limited in the Northwest?

Mr. BOYCE: I don't think it's limited if you're looking at, perhaps, the factors of the streams that are near. I think there are a lot of areas where new dams could go. But I think where the question arises is the impacts of those dams; what's their efficiency; what are the impacts on the environment?

I mean, these are all things that really have to be considered. Is it not more feasible, as an example, in the State of Idaho, to enlarge the nuclear production facilities at the INDEL of the desert. Is that not more beneficial for us rather than putting in more dams?

One thing that's being examined very carefully in the State right now is upgrading low head hydro facilities. So, there are a lot of things that are being examined. Solar and wind energy are being examined. In fact, part of the energy task force to this particular Commission is concerning itself with these very issues.

So, they are being looked at. But I say there are some very, very strong opinions on both sides. There is a group of people that would like to see more dams built.

Mr. BURKE: Maybe you should put that explanation in the plan.

Mr. BOYCE: This is definitely going to happen. There are a lot of areas—

Mr. BURKE: Because you've got environmental concerns whether you use the hydro or the thermal.

Mr. MANHEIMER: Or nuclear.

Mr. BOYCE: And these policies are emerging since the plan was done. Things are beginning to take shape that hadn't really taken shape up to that particular time. I sat here and wrote a note to myself that we're sitting here talking about the interface between the notions of the future and what we would like to see.

But we also have to deal with the problems of the present and many of the activities that the Commission is involved in. You know, you talk about a plan, and these kinds of things, but, at the same time, you have to address some very important issues immediately.

And, of course, that's all part of the planning process. Sometimes your process isn't in place nor quite as clear as you would like to have it. But then, you can't stop the real world, and you can't stop the problems.

Mr. HOUSTOUN: Because the hour is late, I'm going to suggest that we limit the discussion at this point, unless people want to talk after the meeting. I would like to thank Pat and his people on an excellent presentation. I'm sure it is a benchmark that the other commissions will look to on the evolution of the regional commission plan.

I'm also going to ask Bob if he would draft a memo to each of the departments and agencies represented at this body, outlining the kinds of questions we would like your response to regarding the shape and content of the regional commissions in the future.

Don't feel limited by the questions we're going to put to you. We're beginning to get a sense of what we think are the heavy questions that we must deal with, and we would like your consultation on those at least.

I appreciate your coming over and suffering with this light in this room. I'm proposing that we move from the sixth floor basement rec room, next time, to room 4830 which has windows and is not so dependent upon artificial light.

Ms. REYNOLDS: I would like to talk about the Department of Transportation getting started to deal with regional commissions. Our Office of Intergovernmental Affairs has specific authority and responsibility for integrating transportation planning among our different modes and our different legislative proposals.

We are working with the Appalachian Regional Commission now, specifically in the transportation area, to develop an agreement of how we can assist their transportation planning. I will be getting in touch with each of the commissions to talk about what we can do in the Department of Transportation to assist regional planning, what direction we're going in, and get their recommendations for what we can do.

We also have a technology-sharing and technical assistance function. We hope to be able to provide a great deal more assistance to the regional commissions and also to provide the regional commissions an opportunity to comment on transportation programs and to be involved more in the development of legislative proposals and the implementation of programs.

Mr. HOUSTOUN: That is very helpful. And, Bob, you may want to explore that further.

Mr. RAUNER: Yes.

Mr. HOUSTOUN: Did I see one other hand?

Mr. BURKE: One other question before we close. I wonder whether others have had the same feeling toward this exercise that I have had. We all review these plans, but as you review the comments, it is obvious that some have given the thing a quick look, made some commendable remarks, and have not really gone in depth.

Others have spent a great deal of time back and forth in the pages. We feed comments in, but we very seldom get any feedback out. Now, I'm just wondering if you can't consider the feasibility of sending us periodically, in addition to the plans to review, a report on what the commissions are doing—whether they've been effective as commissions and whether they've been able to realize the functions that they were set up to fulfill in giving guidance to the development of the region.

For example, if you've got three states that have been on a confrontation basis with each other on a given issue, if you've been able to move in and reconcile those things and can chalk up a credit to yourself. I would like to see some of that come back so that we will know whether the time we've put in on these things is justified.

In my view, it will condition the time and attention that I give to the next report and the one after that.

Mr. HOUSTOUN: That is clearly one of the things we need to analyze carefully in charting the course for the future, and I hope that you will also reflect that in your response to us.

Mr. MANHEIMER: One more question about this whole procedure. It is obvious that, though assistant secretaries often are members of FACRED, they don't prepare the comments. And they may not necessarily be the people in attendance.

You might want to explore a procedure that other interagency committees have used where they have a member as well as a working member. So if you know where to direct these plans, you will get a consistent approach, both on the comments and the working relationship on the Council. You might want to explore how the agencies designate working people with whom you can be in contact so that you know that you have a steady relationship set up.

Mr. HOUSTOUN: All right. It's been a successful meeting for me. I have three pages of handwritten notes, tightly written.

Mr. MANHEIMER: Bob might want to explore the question of the Title V Commissions and their relationship to agencies for pass through of funds. I suggest you put that down as one of the areas of review. As you know, for example, HUD gets a good deal of Appalachian Regional Commission money and also some from the Title V Commissions and passes it through under our CDBG authority.

It seems to me we would want to explore how we could finalize that and make it a good working relationship. We do that ad hoc now.

Mr. HOUSTOUN: The next meeting will be approximately when, Bob?

Mr. RAUNER: There is one in late July on the Coastal Plains Regional Commission plan. So we at least know we will reconvene in the summer, but in a joyous room with windows and sunlight.

Mr. HOUSTOUN: That's right. Thank you all for coming.

(The meeting was adjourned at 11:39 a.m.)

APPENDIX A

WRITTEN STATEMENTS

OF

EXECUTIVE AGENCIES AND REGIONAL COMMISSIONS



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

JUN 14 1978

Dr. Robert Rauner
Acting Deputy
Office of Regional Economic
Coordination
Main Commerce Building
Room 2092
Washington, D. C. 20230

Dear Dr. Rauner:

In response to Anne Wexler's memorandum of March 15, 1978, asking for our comments on the Pacific Northwest Regional Development Plan, we have reviewed the plan and offer the following comments:

(1) One of the elements that needs to be addressed in any comprehensive rural development planning effort on the multistate level is the role of a regional commission in the consideration of issues which affect more than one state. Air and water pollution, transportation, and energy, especially, seem to be appropriate subjects for consideration by a multistate regional commission. It appears to us that the Commission should give more attention to its responsibilities in the assessment of these multistate issues.

(2) Since most of the data is not broken out on a rural/urban basis, it is impossible to determine from this plan what efforts will be made to address the special needs of the rural areas of the states involved.

(3) We are generally pleased with the Commission's proposed planning activities, although it is disappointing that no indication is made of how these planning process activities will address special rural planning needs. We are especially enthusiastic about the Commission's attention to citizen participation in the planning process and its proposal to assist state and local areas in plan implementation as well as in the specific program and project plans. The proposed assessment of private investment issues in the region to aid in the support of state and local planning efforts to accomplish regional goals is also highly commendable.

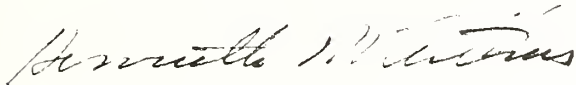
(4) The public transportation strategy does not reflect a balance of urban and rural concerns. The urban component is directed toward rapid

Dr. Robert Rauner

implementation of urban transportation plans by direct assistance and special demonstration grants to urban areas to expand and efficiently operate mass transportation systems. The rural effort seems to be limited primarily to an assessment of potential transportation projects and related mechanisms to improve the access of rural populations to transportation. Direct assistance to rural areas to provide the desired improvements in transportation seems to be of secondary importance in this plan. A more rapid expansion of urban systems means more federal and hence state and local matching funds into those systems. Since the trend in federal programming is toward state allocations, particularly in the area of transportation, there will not be very much left for rural transit efforts other than the assessment of projects.

We are pleased to have the opportunity to review and offer our comments on this plan.

Sincerely,

A handwritten signature in cursive script, reading "Henrietta D. McArthur".

Henrietta D. McArthur
Deputy Assistant Secretary
for Rural Development



DEPARTMENT OF THE ARMY
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D.C. 20310

9 MAY 1978

Dr. Robert Rauner
Acting Deputy, Office of
Regional Economic Coordination
Department of Commerce
Room 2092, Main Commerce Building
Washington, D.C. 20230

Dear Dr. Rauner:

Anne Wexler's memorandum on the Pacific Northwest Regional Development Plan was received by Mr. Charles Ford as the Army's representative on the Federal Advisory Council on Regional Economic Development. Mr. Ford has left this office for employment with another Federal agency. Mr. Donald L. Dillon will act as the Army representative until a permanent replacement is named.

The Pacific Northwest Regional Development Plan is an extensive compilation of regional goals and objectives, historical conditions and projections for the future. Comments on certain aspects were provided by the Corps of Engineers on 15 August 1977 and are included in Appendix B of the report. Army has no further substantive comments on the Regional Plan primarily because of the difficulty in formulating views in the absence of definitive implementation measures and the lack of agency or organization designations for implementation responsibility.

Sincerely,

Michael Blumenfeld
Deputy Under Secretary





Department of Energy
Washington, D.C. 20585

MAY 16 1978

Ms. Anne Wexler
Executive Secretary
Federal Advisory Council on
Regional Economic Development
U.S. Department of Commerce
Washington, D.C. 20230

Dear Ms. Wexler:

Enclosed are comments on the draft Pacific Northwest Regional Development Plan prepared by the Department of Energy's Seattle regional office. The Region X staff has critiqued the energy aspects of the report in detail, and I think you will find their comments helpful.

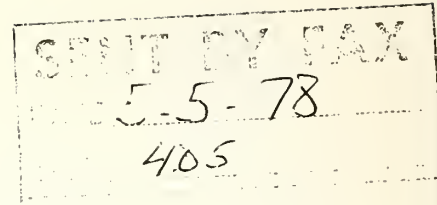
Sincerely,

A handwritten signature in dark ink, which appears to read "P. S. Hughes", is written over the typed name.

Phillip S. Hughes
Assistant Secretary for
Intergovernmental and
Institutional Relations

Enclosure

cc: Dr. Robert Rauner



Department of Energy
Region X

Date: May 5, 1978

Replied to: *Allen Patterson*
Attn of: Jack B. Robertson, Regional Representative

Subject: Comments on Pacific Northwest Regional Plan

To: Sam Hughes, Assistant Secretary for Intergovernmental and
Institutional Relations, NDOE

General Comments

This document represents an ambitious attempt to assemble material essential to develop a Regional Plan and includes a great deal of information useful for that purpose. The document itself, however, needs further elaboration to fully achieve its stated goal. Because the time period for comments was limited, we were unable to analyze the document in the detail that we feel is appropriate. Our comments, thus, will tend to be less comprehensive than we would have preferred.

The document does not draw an explicit link between the goals and the funding of the plan. It is assumed (by us) that the stated funding would achieve the stated goals, but the document itself should explicitly and quantitatively define the connection between these two sections. This shortcoming could be remedied by adding a discussion of the relationships between the funding and goals of the Plan.

For purposes of clarity, the impact of the program (in terms of employment, income, population growth, etc.,) could be made more pointedly if a tabular summary were included showing the impacts under scenarios like "No Program" vs. "With Program." Without such an occasional summary, the reader may lose track of differing projected impacts under the various sets of conditions.

The letters of comment included at the end of the document offer some excellent suggestions. Especially notable from the standpoint of the Department of Energy are those made by

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Memo to Sam Hughes from Jack B. Robertson

Re: Comments on Pacific Northwest Regional Plan
May 5, 1978

the Oregon State Department of Energy (p. 381). Rather than restate those points, we direct your attention to that argument and state that we concur with the reservations about the use of NEPP forecasts out of context.

Specific Comments

p. 99: The paragraph on energy included within the summary on Natural Resource Base is written in a manner so overly condensed that it damages (as a summary) the detail which follows in the text. Some of the language is vague and appears misleading, some phrasing should be modified or changed to accord with the stated results.

p. 137: The statement "Mineral fuel mining has been a very limited activity in the Region" is misleading in this context. It should be understood that other than coal deposits the region has no other conventional sources of fuel minerals. This fact should be stated first before making a statement about "very limited activity." Such a statement without establishing the context first may imply to some readers a vast variety of resources.

p. 138: The third paragraph states that regional per capita energy consumption is only slightly higher than the national average. In order to place regional energy consumption in its proper perspective, however, it should be pointed out that regional per-capita use of electricity is substantially higher than the national average.

p. 148 Coal: Although this section describes generally the use of coal in the region, it does not provide data on the magnitude of coal consumption. It is important to know the magnitude of coal usage in order to make comparisons between energy sources. For instance, in 1976 a total of over 5.5 million tons of coal were consumed in the region with slightly over 4 million being used in the Centralia 1400 MW mine-mouth power plant. Other major users of coal in the PNW include cement manufactures, sugar refineries and the Department of Energy's Hanford operations.

Memo to Sam Hughes from Jack B. Robertson
Re: Comments on Pacific Northwest Regional Plan
May 5, 1978

p. 148: Electricity: Although the three thermal plants cited (Hanford, Centralia and Trojan) are the major non-hydro generating facilities for the sake of completeness it should be mentioned that they are not the only ones. There are several other combustion turbines, combined cycle units and steam plants that provide additional generating capabilities to the region. For example Eugene (Oregon) Water and Electric Board's Weyco plant is a 51.2 MW facility which utilizes surplus process steam from Weyerhaeuser's Springfield wood products plant. Another example is Portland General Electric Company's Beaver Combined Cycle plant with a peaking capacity of over 600 MW.

p. 151: Energy Prospects: This section highlights some of the major issues surrounding energy prospects; however, it is silent on the many faceted issue of Regional power planning currently being debated in the Region. The Regional Plan should, at a minimum, list the major problems associated with regional power planning: e.g., allocation of Federal hydropower when current contracts expire; Public vs. private power issues; rate disparities; conservation; power planning mechanisms, etc. Our office has prepared an analysis of these issues and the Federal legislation proposed to deal with them which may be of assistance.

The discussion here about Canadian supplies of crude oil and natural gas needs to be updated. For example, the phrase "probably not" is not the appropriate one to describe the alleged continuation of Canadian crude oil to the Pacific Northwest. Of the (approx.) 300 MB/D of crude oil delivered to Pacific Northwest refineries, only about 20 MB/D is from Canadian sources. This fact is crucial to questions of supply security, price of crude oil imports, use of Alaskan crude oil, and, most importantly, tanker traffic on Puget Sound. The question of Canadian natural gas should be expanded to deal with contract expiration dates and the overall question of demand growth in the Pacific Northwest.

p. 153: The discussion of tanker traffic on the Puget Sound should include more detail, especially in view of the Supreme Court ruling on the unconstitutionality of several

Memo to Sam Hughes from Jack B. Robertson

Re: Comments on Pacific Northwest Regional Plan
May 5, 1978

sections of the Washington State Tug-assistance Bill and the subsequent Coast Guard Hearing and Regulation Development on this matter. The discussion needs to be expanded.

The first paragraph states that because Alaskan crude oil has a higher sulfur content than Canadian crude the Region's refineries will of necessity have to be altered. This is not an entirely accurate statement: not all Alaskan crude has a high sulfur content (the statement perhaps refers to Alaskan North Slope Crude); although some refineries can use small quantities of North Slope Crude there have been no announcements by the refineries indicating they will alter their facilities in order to refine North Slope crude and they may continue to rely on foreign crudes in lieu of making costly alterations to existing facilities.

The paragraph discussing changes in the mix of generating capacity should point out the current trends. At the present time there are five nuclear plants under construction with a combined capacity of over 6,000 MW and one 500 MW coal plant under construction. Four additional nuclear plants are in various stages of the planning and permitting process.

p. 216: In mentioning the two areas in the U.S. with depth sufficient for supertankers of the 200,000 - 300,000 dwt class, the report should compare the two in terms of vessel traffic, cargo transfers, markets served, etc. Such a comparison would place in perspective the importance of port facilities in the Puget Sound.

p. 218: Specific information could be included with regard to the competitiveness of barges with other transportation modes in order to give the reader an additional reference point.

p. 263: The statement here appears overly simplified in view of what has been said in previous chapters concerning energy availability. It is questionable in view of the fact that the regional plan is oriented toward economic expansion in addition to that growth anticipated when the energy forecasts were made.

Memo to Sam Hughes from Jack B. Robertson
Re: Comments On Pacific Northwest Regional Plan
May 5, 1978

p. 284: Energy Implications: This section explains the demand forecast developed by the Northwest Energy Policy Project (NEPP); however, it fails to mention other forecasts. In recent years there have been several forecasts developed by various agencies and groups. These forecasts provide a wide range of energy growth scenarios. These should at least be mentioned and contrasted with the NEPP forecast.

Comments on forecast methodology

The forecast methodology raises a number of questions which should be addressed in depth; however, time permits us to raise only a few specific points that serve to illustrate the generic questions we have concerning the approach:

p. 291: In describing the construction of the base model, it is remarked that 1967 is the base year for the input-output model. Since it is frequently mentioned in the text that the Pacific Northwest has experienced recent rapid changes that appear to some degree different in character from changes in the past, an input-output model that is based on historically out-of-date data will generate forecasts that are biased toward past experience rather than reflect more recent structural changes. If the authors do not feel that this bias may be a particular problem here, they should explicitly state why they feel this way; or, they should qualify their conclusions accordingly.

p. 294: With regard to the methodology of determining the forecast average annual rate of growth in each industry, the authors state the rates for the period 1960-1972 were used as a first approximation and discuss arriving at the final estimate; in looking at the data provided, the question arises, however, concerning the process after the first approximation: is it subjective or were concrete data used? There is a crucial gap here in what the reader is shown which could be remedied.

p. 314: Concerning sharing formulas, once again historical shares that bias the average toward the past are used; in a rapidly changing situation, a sharing formula emphasizing more recent structural changes would be preferred in order to minimize such biases.



THE UNDER SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D.C. 20201

June 2, 1978

MEMORANDUM

TO : Robert Rauner
Acting Deputy, Office of Regional
Economic Development

FROM : Deputy Under Secretary for Intergovernmental
Affairs

SUBJECT : Review of Pacific Northwest Regional
Development Plan

In response to your request, we are providing comments concerning the Pacific Northwest Regional Development Plan.

In general the plan is a well developed, comprehensive document. It provides an excellent description of conditions and trends in the region, especially in the economic area, and outlines a sound course for promoting economic development. There are, however, three areas that warrant further attention.

Health

The treatment of public service delivery in the region is generally sound, except for parts dealing with health. While the focus on rural health is not inappropriate, the plan should also examine the overall distribution of health resources in the entire region. The principal problem in many areas is the maldistribution of health resources. Thus, both shortages in rural areas and the problem of surpluses of hospital beds and other health resources in urban or suburban areas must be addressed. Solutions may involve reallocation of existing resources, rather than simply adding new resources in the health area as suggested in the plan. To aid in this examination, we suggest that the study of health care resources in the plan draw on analyses undertaken by State and sub-State Health Systems Agencies in the region.

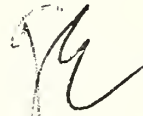
Special Population Group

A second deficiency of the plan is its lack of attention to conditions of special population groups in the region: Indians, migrants, the poor and the aged, in particular.

The focus of the plan is primarily on raising income levels of wage earners in the mainstream economy of the region, not nonwage earners such as the aged or those outside the mainstream economy such as Indians and migrants. We suggest that such a discussion be included.

Goals and Strategies

To attain the goals and objectives described in the plan, the strategies and processes required need more detail and specificity. For example, what specific programs are expected to provide funding to promote these strategies? Are the programs to be Federal, State or private? From where exactly will the projected \$241 million additional resources for public service delivery in the period 1978-90 come?



Eugene Eldenberg



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY
FOR COMMUNITY PLANNING AND DEVELOPMENT

IN REPLY REFER TO:

Dr. Robert M. Rauner
Acting Deputy
Office of Regional Economic Coordination
U.S. Department of Commerce
Room 2092
Washington, D. C. 20230

Dear Dr. Rauner:

Assistant Secretary Embry has asked me to forward the following Departmental comments on the Pacific Northwest Regional Commission's Regional Plan of November, 1977.

The Plan appears to be well researched in terms of demographic and other pertinent data and trends, and the goals stated are admirable ones.

Our general concerns are similar to those expressed in a number of appended Final Draft Review Comments. Trade-offs such as between stimulating economic growth, the requisite energy for such growth, and preservation of the environment need to be carefully studied and a balanced approach used to reflect acceptable impacts when applying such goals of the local level. It is also necessary to stress that overall plans developed in accord with the Regional effort build on and complement existing local, areawide, and State plans, particularly in relation to land use elements of such plans and State and regional strategies that will be prepared in the future in response to the President's National Urban Policy.

Another concern is that, with a relatively low population density, the Region has an excellent opportunity to plan rationally for community development, but the Plan addresses itself hardly at all to this issue. Perhaps community development is seen as one of the issues to be handled on a state-by-state or local basis.

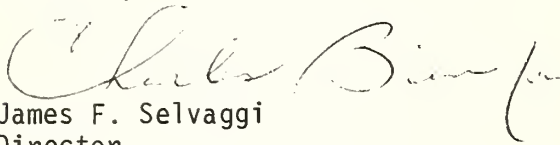
Community development impacts heavily upon, and is impacted upon by many of the areas--environment and energy for example--treated in the Plan. State, metropolitan and non-metropolitan district planning, housing assistance and community development plans prepared by communities, areawide housing opportunity plans where they exist, and other plans and appropriate data should be an important consideration in the implementation of the regional plans. One element that appears to be missing in

the regional plan is a goal or other provisions focusing on the needs of districts and communities. If there is going to be consistency in the State, substate and multistate planning, this emphasis reflecting the President's National Urban Policy will be necessary.

We also are aware of at least two major areas of concern of the Region X Federal Regional Council that are of sufficient importance to be considered, or at least mentioned, in the Regional Plan. One area is the provision of services for the large seasonal migrant worker influx into the Region, and the other is the rapid population growth being experienced in Kitsap County, Washington due to the construction of the Trident Missile Support Site.

The Department will be pleased to be represented at the May 19 meeting of the Federal Advisory Council.

Sincerely,

A handwritten signature in cursive script, appearing to read "James F. Selvaggi".

James F. Selvaggi
Director



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAY 22 1978

Memorandum

To: Executive Secretary, Federal Advisory Council on Regional
Economic Development, Department of Commerce

From: Deputy Assistant Secretary -- Policy, Budget and Administration

Subject: Review of Pacific Northwest Regional Development Plan

From the standpoint of the Department of the Interior, this report appears to be a satisfactory, comprehensive display of factors bearing on long-range development of the Pacific Northwest Region. The goals and objectives are sound, and although very broad, they should provide a useful framework guiding the many governmental entities and the citizens of the region in pursuit of their missions and interests.

Indeed, it appears to be a significant value of the Regional Plan preparation exercise that it provides forums for shared public discussion of the future with a common statistical background, but without another binding layer of area-specific planning.

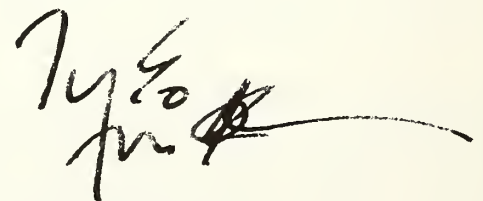
The emphasis on the environmental values of this particular region as a whole cannot be put too strongly, and the report keeps these values in focus throughout. It offers clear opportunity for citizens, including local officials, to understand the basic balancing acts which must underly development decisions facing public administrators at all levels. This is especially significant in the States of Oregon, Washington and Idaho which have, as the plan points out, such well-recognized growth potential -- lifestyles attractive to the country's ever more mobile population and apparently abundant space, energy and natural resources.

The Report describes some major issues within the jurisdiction of this Department, and of vital concern to us, such as water resources planning, Indian fishing rights, timber supply and other uses of the public lands, and recreation values both for regional residents and as a base for tourism. The Report displays the issues fairly, remarkably free of judgments or opinions which could preclude or prejudice future sequences of discussion, negotiation and decision to be made by appropriate authorities under established procedures. We appreciate the Commission's efforts to keep processes open, and to keep concerned constituencies aware of their options.

Given the potential usefulness of this Plan as a public document, it would seem that subsequent editions should include references to the activities of the various Federal agencies whose technical expertise as well as funds are accessible through PNW Commission efforts. The Plan is lacking in a specific sense of how the Commission relates either to citizens at large or officials. The Plan could usefully highlight some of the means and procedures, the offices, officials and specific activities, which make up the unique combination of resources making the Commission's presence of value to the Region. There should be a procedural handle for citizens interested in following up on ideas in the Plan. The public generally needs help in perceiving a context for Federal activities in their Region or locality. The Federal government may appear on the one hand all pervasive with rules and regulations, yet inaccessible for assistance in time to meet specific needs. State participation in Economic Development Commissions puts the Commissions in a seemingly unique position to keep the big picture of government activity relevant to economic development in focus for the public. In this regard, the public participation opportunities offered during preparation of your plan are to be commended. We would be interested, as history but especially for the future, in knowing what combined Federal participation there was in preparation, discussions, and in listening during the public participation process.

One editorial note: on page 253, the discussion of allowable cut under Forestry Development has a somewhat negative connotation, as if Federal management policies were arbitrary or capricious. Interior's Bureau of Land Management and the Forest Service of Agriculture have well broadcast procedures for establishing allowable cut; both agencies are working continuously to improve their procedures for appropriate and timely public participation in management decision-making. Even if all the parties at interest cannot be satisfied, these agencies try to be sure the procedures allow for equitable treatment. Specific suggestions as to better procedures are always welcome.

In closing, the document contains useful data on current economic situations, trends, and possibilities for the region which should be of value especially to regional and local officials responsible for wise use of the region's resources on behalf of all citizens.

A handwritten signature in black ink, appearing to read "Larry E. Meierotto", with a long horizontal flourish extending to the right.

Larry E. Meierotto

U.S. DEPARTMENT OF LABOR
Office of the Assistant Secretary for Employment and Training
WASHINGTON, D.C. 20210



MAY 18 1978

Dr. Robert Rauner
Acting Deputy
Office of Regional Economic
Coordination
U.S. Department of Commerce
Washington, D.C. 20230

Dear Dr. Rauner:

This is in response to the recent memorandum, forwarded by Ms. Anne Wexler, Executive Secretary, Federal Advisory Council on Regional Economic Development, transmitting for comment, a draft of the Pacific Northwest Regional Commission's long range plan which had been submitted to the Department of Commerce. We have reviewed the plan and found it to be a comprehensive and well-prepared document.

Our comments, listed below, are confined to those portions of the report relating to employment policies and programs.

Page 28

Presumably the training programs referred to are those funded under the Comprehensive Employment and Training Act (CETA). It should be explicitly recognized that the CETA program is administered by local elected officials and that, therefore, these CETA prime sponsors must be involved in order for the CETA funds to be made available for this purpose. It should also be noted that CETA participants must meet the eligibility criteria in the Act and that, under pending reauthorization legislation, both these eligibility criteria and other provisions of the law are subject to some modification.

Page 40

The level of effort projected for employment and training programs is set at approximately 10,000 persons per year. There is no rationale provided for this particular service level. The estimate, for example, should take account of

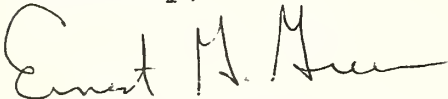
the area's allocations under CETA. The unit cost cited may be on the low side; in Fiscal Year 1976, participant unit costs were approximately \$1,500 for institutional training and \$2,100 for on-the-job training.

Pages 265-271

The subsections on employment and population projections provided very broad estimates. In order to anticipate the need for employment and training program assistance, it would be desirable to have employment projections, by occupation and industry, and population projections by education and other characteristics. The research and analysis offices of the State employment security agencies in Washington, Oregon and Idaho can be helpful in providing these data.

I look forward to working with you on the Federal Advisory Council on Regional Economic Development.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ernest G. Green", with a stylized, cursive script.

ERNEST G. GREEN
Assistant Secretary for
Employment and Training



OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

ASSISTANT SECRETARY

may 19


MEMORANDUM FOR: Honorable Lawrence O. Houstoun, Jr.
Acting Deputy Under Secretary

SUBJECT: Review of Pacific Northwest Regional Development Plan

I have been impressed by the comprehensive study of the elements of economic development in the Pacific Northwest Regional Development Plan. The prominent role of transportation in urban and rural development strategies was especially gratifying, because the Department of Transportation has placed increased emphasis on these policies. A more detailed staff analysis of the plan is attached. I hope this will be helpful in strengthening this excellent document. A representative will attend the Federal Advisory Council meeting on May 19.



Chester Davenport
Assistant Secretary for
Policy and International Affairs

Attachment

✓ cc: Dr. Robert Rauner

Analysis of Transportation Issues in the Pacific Northwest Regional Plan

Goal 1 is raising per capita incomes and diversifying the industrial base. One feature of the strategy to achieve this goal is overcoming particular bottlenecks in the economy. The plan found that a strong transportation network exists in the region, but that future "Improvements" in airports and "water ports" may be needed to support foreign and inter-regional trade. The plan concluded that the Commission should lead a cooperative effort with other public agencies in certain kinds of activities, including the planning and financing of major seaport and airport developments. The program analysis for this objective contains an element, "Regional transportation investments," and a statement that additional future planning and studies will result in a site specific program and project plan.

The description of regional conditions, Chapter 5, does not unequivocally support the need for additional seaport and airport development. There is a statement that continued industrial development will depend, inter alia upon further development of transportation linkages (pp. 250-251). However, there is also a statement that port systems and air and rail facilities are considered adequate for future demand, but future investments in highways may be needed (p. 256).

The ambivalence regarding the adequacy of port facilities is compounded by examining the waterborne commerce data for 1969-1974 used in the plan. They show that tonnage declined for the Puget Sound ports, was essentially constant for the small coastal ports, and grew

markedly for Coos Bay and the Columbia River ports. The plan does not explicitly extrapolate the data or analyze it in any rigorous way. This would imply that no expansion of ports in Puget Sound is needed, although we know that Seattle is expanding its facilities. This raises a question whether the expansion is based on information which was not considered by the plan. The data also imply that expansion of port facilities in Coos Bay and the Columbia River might be needed to avoid future bottlenecks. However, additional information is needed to support a conclusion that this is likely. Furthermore, the plan fails to identify a basic issue of the potentially inhibiting effect on Columbia River traffic expansion of the relatively hazardous river entrance and the high value placed on regional environmental protection. This would serve to recognize at the present stage that future trade-offs of conflicting values may affect the singular goal of economic development.

The Port System Study for the Public Ports of Washington State and Portland Oregon, listed in the Bibliography of the Plan, reached fairly definite conclusions about future port development needs. It found that ports of the region generally have sufficient space and access, but some investment will be required to convert some existing facilities to new uses and to keep abreast of technological developments. The study also identified a need to coordinate port development decisions among the regions' public port authorities. Competition among the regions ports is likely to result in investment levels which will exceed the regional optimum. The Commission would have an excellent perspective from which to monitor and evaluate improvement needs.

The data used in the plan for evaluating seaport capacity end with the year of 1974. More current data would lend confidence to the evaluation of trends. As part of a National Port Assessment, the Maritime Administration has been collecting nationwide data on port facility capacity and commodity flow trends. This assessment is scheduled for completion this year. In addition, there is pending a proposed Port System Study which will address the ports of the region which were not covered by the study cited above.

The treatment of airport capacity in the program analysis gives the impression that some expansion may be required to avoid bottlenecks in foreign and interregional trade expansion (p. 26). However, the description states that facilities for commercial aviation will be adequate through 1985 (p. 222). The description goes on to state that there will be a need for additional general aviation terminals. Comments on the draft plan were submitted by the Northwest Region of the Federal Aviation Administration and included in Appendix B of the plan. The FAA comments clarify the significance of the distinction in the type of airport development needed. Small general aviation airports which are eligible for Federal Airport Development Aid Program (ADAP) funding are not competitive for funding in terms of the apportionment formula. Other small public use airports are not eligible for ADAP funding. This is an explicit statement of a problem which should be included in the body of the plan, because regional development funding would be one solution. However, the problem seems more relevant to the Plan's Objective 4.4 than to Goal 1.

In describing the adequacy of aviation facilities for general aviation, the plan states that the increases in general aviation will result from inadequate scheduled air service, indirect routing and infrequent flights (p. 222). Having thus defined a basic transportation problem, the plan fails to discuss alternative responses. The problem is a national one, but it is more severe in the western states with their populations dispersed over long distances. The Department of Transportation and the Regional Commissions have been exploring the policy options which could create conditions under which adequate commercial service could be economically viable. Although part of the problems solution may be national action, the plan's treatment of the problem forecloses the possibility of successful regional program solutions other than more general aviation terminals.

Objective 4.4 is to provide for improved public transportation in order to improve access to public services, especially in rural areas, and to diminish air pollution in urban areas. Perhaps the need for improvements is too obvious to require any discussion or documentation, but the absence of any description of existing or proposed facilities or services makes critical analysis impossible. Despite unassailable goals and the frequent mention of transportation, we cannot evaluate the probable effectiveness of the program without some specific information.

EPA Comments on the Regional Economic
Development Plan of the Pacific Northwest
Regional Commission (November 1977)

This plan is well developed, particularly from the standpoint of environmental concerns. It contains a wealth of economic and environmental data and analysis. The thinking clearly reflects a growing concern with the threats to environmental quality that loom in the future because of expected economic growth. While there are numerous positive elements in the report which could be noted and commended, the following specific comments are addressed to questions raised and possibly some inconsistencies which are suggested in the text:

- o It is not clear whether the economic growth projected is tied into the development strategy indicated or is independently arrived at. The economic projections seem to be predicated on the existing dynamism of the region and the growth expected in the national and international economies. The program strategy notes various efforts that need to be undertaken to assist and to direct activities into selected areas (Chapter IV). Would the goals be realized if there were no force emanating from the Commission to monitor developments, ensure funding, and maintain the development focus and review set forth in the Plan? The question in simplest terms: Is the function of the Planning Commission superfluous to the realization of the Plan?
- o Certain funding and monitoring is called for in Chapter IV. Is the Commission staffed to monitor implementation of the Plan? Are the required implementation funds to be provided through the Commission or generated from other sources through an active effort by the Commission?
- o There are several references to "improving air quality" (Chapter VI) even while undertaking substantial economic growth. Population is projected to increase at a rate 66 percent higher than the national growth rate. Employment also is expected to grow at a higher rate and total personal income is expected to grow at a rate substantially higher than the national average through 1985. Areas are to be reclassified (p. 31-32, pg. 41) to permit further deterioration of air quality in order to allow for further economic growth. It should be noted that several large urban areas in the region already are "non-attainment" areas for certain air pollutants (Seattle, Everett, Portland, Tacoma, Spokane). Has the Commission staff been working

closely with the EPA regional office on this matter? Is there a conscious effort by the Commission staff to explore/expand a regional "off-sets" program in coordination with the State and federal environmental offices? (The emission offset policy: net emissions impact of new source growth must decrease total areawide emissions -- by reductions in other sources)

- o The projected increases in industrial growth reportedly are constrained by the determination to preserve and improve on environmental quality and by the adequacy of water supplies. Forestry, one of the region's primary industries, is faced with a regional deficiency in the supply of timber of harvestable age. Industry growth projections assume an increased supply, seemingly a contradiction. Other problems exist in agriculture and other industry sectors. Have these very real constraints been taken fully into account in the economic growth projections?
- o The report notes (p. 254) limitations on the development of future hydro sources of power; alternatives cited are thermal, nuclear, and imports from other states. The Commission's assessment of the hydro potential is sharply challenged by the Corps of Engineers (p. 335, 336). This important matter needs to be examined at greater length, not only because of the economic growth implications but also because of the impact on the environment. The matter of importing power from contiguous states also should be addressed more fully. What is the real prospect that other states will have surplus hydro power available? Or will be willing/able to sustain the added pollution in order to provide power to the North-west?
- o It is noted (p. 262, 274) that air quality will improve slowly because the primary generation is transportation uses where controls "take longer to be universally applicable than point sources." Perhaps it should be further explained that the time required to achieve greater control of pollutants in this instance is not a matter of enforcement. Controls are applicable only to new vehicles. Until the present fleet of cars, trucks, etc. are replaced by controlled models, the full impact of control regulations will not be realized.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR
MAY 11 1978

Dr. Robert Rauner
Acting Deputy, Office of Regional
Economic Coordination
U. S. Department of Commerce
Main Commerce Building, Room 2092
Washington, D. C. 20230

Dear Dr. Rauner:

We are pleased to review and comment on the Pacific Northwest Regional Commission's Regional Plan dated November 1977. The attainment of the socio-economic goals discussed in the Plan (Goals 1-4) is both desirable and necessary if the Pacific Northwest Region is to reach its economic growth potential and maintain its quality of life.

In diversifying the Pacific Northwest economy by attracting "new" industries to the Region, the Commission should coordinate with the other Regional Commissions to discourage economic gains for the Pacific Northwest which are economic losses for other Regions, with no gain for the U. S. as a whole. This, of course, would also apply to businesses leaving the Northwest. Federal assistance grants for construction of new and expanded water supply and waste disposal systems should be carefully restricted to amounts necessary for the intended bona-fide rural areas.

The section on "State and Local Government Revenues" (p. 210) says that the State of Washington, because it has not seen fit to levy an income tax, has suffered from the inadequacy of its tax collections to fund its public assistance programs. Washington is one of only four states with neither an individual nor a corporation income tax. The section goes on to say that the relatively slow growth in Washington's revenues may be offset somewhat by the shift that has taken place in Federal funding from categorical grants to block grants and revenue sharing.

In improving its planning process (Goal 5), the Commission has done well in recognizing the inherent conflict between industrial diversification and growth on the one hand and environmental and natural resource conservation on the other and, hopefully, will mitigate that conflict.



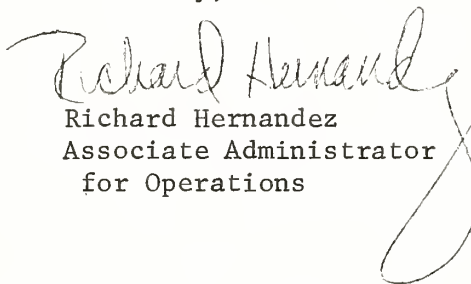
Also commendable is the Commission's projected leadership in defending the beleaguered dollar - and combating inflation - by promoting exports (Goal 1).

We hope that the Commission will use its oversight responsibility to insure that a fair share of loans by the Regional Development Bank (or other Regional financing agency) will be available to small businesses. The Regional Office of the Small Business Administration in Seattle will be pleased to cooperate with the Pacific Northwest Regional Commission through its economic development programs in meeting the goals enunciated in the Regional Plan.

Several misstatements of tabulated and other data, as well as several errors in syntax, were noted. Some of these were mentioned to Mr. Dennis Hubscher, of the PNRC office.

Mr. W. R. Etheridge will be pleased to represent SBA when the Federal Advisory Council meets with the Pacific Northwest Regional Commission on May 19 to discuss the plan in detail.

Sincerely,


Richard Hernandez
Associate Administrator
for Operations

THE APPALACHIAN REGIONAL COMMISSION

1666 CONNECTICUT AVENUE

WASHINGTON, D.C. 20235

Date: May 10, 1978

Subject: Review of Pacific Northwest Regional Development Plan

Thru: James H. Pickford

To: Robert W. Scott, Federal Cochairman

In response to your request, this is a review of the Pacific Northwest Regional Plan.

The Pacific Northwest Regional Plan provides a comprehensive analysis of its planning region and presents a clear statement of its needs and problems. While the goals and objectives are understandable, often too many are given which may make them meaningless when the Commission decides to assess how well they have been achieved during the five- and ten-year segments of its long-range process. Likewise, the strategies for achieving the goals and objectives are reasonable. There are several other points, however, that should be emphasized:

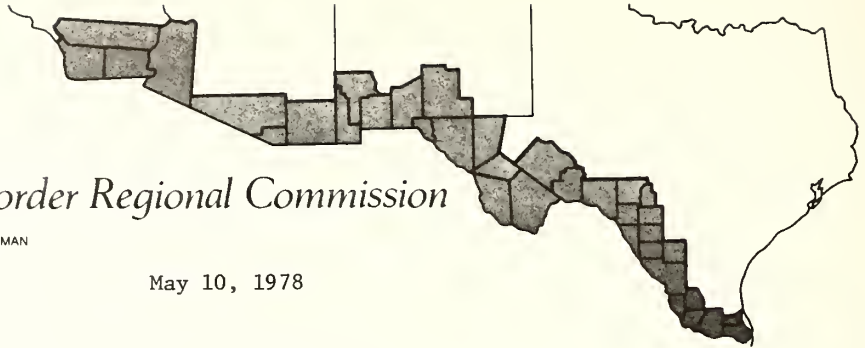
- o Nothing is wrong with a long-range planning process because we need more long-term planning and programming to solve problems, but there should be shorter-term or incremental planning periods within the five- and ten-year planning cycles.
- o Priorities are mentioned frequently throughout the plan but no definite priorities have been identified. How do we know which of the program categories are most important for achieving the desired goals? Given the excellent future growth prospects for the region relative to employment opportunities, total personal income, etc., certain priorities should be made to encourage this economic growth as well as address new problems that may be caused by it such as environmental ones. Strategic planning within a shorter time frame is perhaps one solution because annual project and program schedules can be devised within a multi-programming period.
- o The major program categories are so general that they are almost meaningless. They should be further refined to reflect more consistency with the goals and objectives of the plan. Schedules of how these programs are to be implemented over the planning time period would substantively improve the planning instrument. If we were a participating agency in the projected

Robert W. Scott
May 10, 1978

funding program, we would not have any idea about the expected funds from us, or what role we were expected to play, to ensure that your program is effectuated.

A handwritten signature in dark ink, appearing to read 'CML', written in a cursive style.

CLIFTON M. LAMBERT
Division of Planning and Evaluation



Southwest Border Regional Commission

OFFICE OF THE FEDERAL COCHAIRMAN

May 10, 1978

MEMORANDUM FOR: Robert M. Rauner
Acting Deputy, Office of
Regional Economic Coordination

SUBJECT: Review of Pacific Northwest Regional Development Plan

Our review of the Development Plan prepared by the Pacific Northwest Regional Commission suggests that it can afford an excellent opportunity to guide regional development in a rational and orderly fashion. The compilation of substantial information describing the region's basic characteristics appears to provide an adequate review of existing needs and resources. This, combined with the emphasis placed on the coordination of local, State, regional, and Federal efforts, should be of considerable value in realizing the Plan's intent. The Plan's utility, moreover, can be further enhanced by addressing those specific concerns raised by the reviewing agencies.

Viewing this document as a point of departure, as a framework for allocating limited resources, and as providing general guidelines for Commission activities which will lead to subsequent program and project development on the basis of coordinated input, it seems to provide a fundamentally sound approach to regional development.

Particularly noteworthy is the emphasis placed on a flexible planning process accommodating citizen and local and State agency participation within a context recognizing economic development as an integral part of a broader perspective which must account for "quality of life" issues.

If the plan can serve as a basis for policy considerations, a catalyst for action, and a focus for coordination, it will have made a significant contribution in the fulfillment of the Commission's mandate.

It has been our experience, based on knowledge and observation of the ongoing and projected specific activities of the Pacific Northwest Commission, that their respective projects truly reflect significant regional impact and a fulfillment of area needs.

Thank you for providing us with an opportunity to review and offer our comments on this plan.

Cristóbal P. Aldrete
Federal Cochairman

cc: Patrick J. Vaughan

APPENDIX B

WRITTEN STATEMENTS

OF

DEPARTMENT OF COMMERCE UNITS

A REVIEW OF THE PACIFIC NORTHWEST REGIONAL COMMISSION

REGIONAL PLAN, NOVEMBER 1977

Commissioned by the Office of Regional Economic
Coordination, U.S. Department of Commerce

By

David K. Hartley
Governmental Affairs Consultant
2310 19th Street, N.W.
Washington, D.C. 20009

March 1978

This review has been commissioned by the Office of Regional Economic Coordination, an entity of the Office of the U.S. Secretary of Commerce, as part of the Secretary's review of Commission plans (CFR, Title 13, Chapter V, Part 530).

The consultant is "to prepare a technical review" of the Plan document¹⁰/*, performing, however, "as an independent contractor and not as an agent of the U.S. Government." Presumably, this review will be made a part of the record at a forthcoming meeting of the Federal Advisory Council on Regional Economic Development. The recommendations of the Federal Advisory Council will be reflected in a revision of the Plan before it is submitted formally to the Secretary of Commerce for approval and for transmittal to the President and ultimately to the Congress.

It must be emphasized at the outset that the review is meant to be helpful to the continuing review and update process that has been established by the Pacific Northwest Regional Commission. Preparing a Regional Plan is immensely complicated, and the Commission has done a commendable job in putting together a single document that harmonizes requirements from three independent states and various Federal agencies -- requirements that often conflict with each other. Regional development planning is not a highly developed science in the United States, and the Commission has begun the technical task of estimating the needs of the region in a format that will allow some gross comparison with the needs of other large regions of the country, the goal being reduction of economic disparities between regions.

It must also be emphasized that this review is constrained by access only to the Plan document itself, which admittedly is only one product of a good deal of effort and considerable background material. Planning process is as important as the written document itself, but this review is based only on the finished product.

After initially reading the Plan document, the reviewer contacted a number of technical experts (listed in Appendix 2) for certain supplemental information that was felt needed to make this review more helpful. Two of this group -- the head of one of the three state planning agencies and the Acting Deputy of OREC (who is Contracting Officer's

* Footnotes refer to citations in Appendix 1.

Technical Representative for the U.S. Department of Commerce) -- read a draft of this review.

A summary of this review would be that the Plan document be approved by the Secretary of Commerce, but that the Commission might wish to pay more attention to implementation in its "review and update" process.

Plan Document Review

The Commerce guidelines for Plan preparation (Part 530) list 10 elements which Commission Plans "when fully developed will ordinarily include." Their inclusion in the Plan document at hand, in the judgment of this reviewer, is as follows:

- (a) Review of prior studies -- included.
- (b) Framework for analysis -- included.
- (c) Review of the regional economy -- included.
- (d) Review of conditions inhibiting growth -- included.
- (e) Review of major plans and pending decisions -- not included.
- (f) Establishment of regional goals -- included.
- (g) Determination of a development strategy -- included.
- (h) Review of existing program adequacy -- included.
- (i) Criteria for project identification -- not included.
- (j) Consideration of other planning in the region -- not included.

In addition to the 10 plan elements, the regulations specify four factors the Secretary of Commerce will consider in reviewing the Commission's regional plans prior to making recommendations to the President. These four "review standards" are: (a) Consistency with national economic trends; (b) Interregional consistency; (c) Transference of employment; and (d) National benefits. All these "review standards," in

the opinion of this reviewer, have been mentioned in the Plan document at hand, although in most cases only by inference.

Thus it would appear that most of the required elements are included, but this review would be grossly inadequate if the qualitative aspects were not evaluated. Planning is often honored in the breach; plans are often mere collections of projects rather than orderly guides to resource allocation.

To help judge the utility of the document at hand as a guide to the economic development of this significant region of the country, the following review will follow the form suggested in a study prepared by the Economics and Government Divisions of the Congressional Research Service (Library of Congress) for the U.S. Senate Committee on Environment and Public Works in November 1977, entitled Review of Title V Commission Plans.^{16/}

The study suggested 12 questions which might well be answered in reviewing the plans which are required to be prepared by the Multistate Regional Commissions under Title V of the Public Works and Economic Development Act of 1965.

The Senate Committee and its counterpart House Committee on Public Works and Transportation have oversight responsibility for the work of the Commissions so far as they relate to Federal Government responsibilities and appropriations; and the Library of Congress study was commissioned to provide some uniformity in analysis of the Commission plans. It should be added, however, that the Pacific Northwest Regional Commission cannot have been expected to have addressed the questions that were raised in the Library of Congress study which has no official status and was undertaken after the Pacific Northwest effort was completed. The 12 questions merely provide a convenient way of organizing the current review.

1. A Summary of the Plan.

The Plan document itself (402 pages) may be summarized as follows: Chapter I is an Executive Summary with a brief description of how the report was put together. Chapter II focuses on the purpose of the study. Chapter III stipulates the Goals and Objectives of the Pacific Northwest Regional Commission as follows:

Goal 1. Improve the economic well-being of the region's residents, especially those with low income.

Goal 2. Protect and improve the natural environment of the Pacific Northwest region.

Goal 3. Conserve and improve the management of the region's natural resources.

Goal 4. Improve the delivery of public services, particularly in the rural areas of the region.

Goal 5. Make additional improvements in the regional planning process.

Chapter IV indicates the intended strategy to be used in implementing these ends and the costs of their achievement. A summary of the strategy program indicates that a total new public investment of \$1.013.5 billion will be needed between 1978 and 1990 in addition to the regular, ongoing expenditures in the region. This figure is allocated grossly to estimated expenditures under the five goal categories.

Chapter V reviews the existing and expected future conditions of the region by the following categories: economic and other characteristics of the population; industrial structure; natural resource base; international trade; environmental quality; public expenditures and revenues; public facilities; and issues of future development.

Chapter VI summarizes regional projections to 1990, broken down by the following categories: socioeconomic projections; environmental implications; land use; and energy implications. The projections are based largely on an econometric model prepared earlier in the 1970s.

Appendix A is a technical summary of forecast methodologies, and Appendix B contains letters of review of the draft prepared in the summer of 1977 by a number of Federal, state, and local governmental institutions to whom the draft plan was sent, to which only one of the region's three Governors responded.

Finally, a bibliography of approximately 100 documents is presented.

2. Organization of the Materials in the Plan.

There is little relation between the analysis and program sections of the plan, nor is the document formatted to facilitate comparison of this region with others. There is some attempt at a shift-share analysis and step-down of economic projections, but no systematic attempt to relate the Pacific Northwest to other regions other than some gross income-gap calculations.

3. Do the Programs Fit the Analysis of the Problem?

The discussion of the implementation is inadequate and, therefore, the economic analysis sections do not clearly relate to the remedies that are supposed to be specified in the program plan. There is little evidence of the important iteration and feedback analysis that should occur in plan development between successive versions of the plan and reviews based on current and projected expenditure patterns and on expectations of implementing bodies.

4. Is the Plan Realistic in the Sense of Making Practical Recommendations for Action?

The problems and issues are real, and the Plan contains discussion of the economic base of the region, but the remedies are not related to budget expenditures or investments. There is little discussion at all of influencing state, Federal, local, and private decisions.

Planning in the United States operates in a fragmented institutional structure that arises both from its inter-governmental federal character and from the mixed economy of public and private investments. A realistic way to approach plan development is to analyze the current expenditure patterns of the various actors in the economic development of a particular region, and then estimate the additional quantity and quality of investment that will be needed in order to raise the economic performance to desired levels. This was not done by the framers of the Pacific Northwest Regional Plan, which tends to overlook the institutional component that indicates how Federal agency, state agency, and local government funding and policy decisions are to be influenced.

Furthermore, there does not seem to be an adequate understanding of the important role that Federal economic policies other than capital investments will play in the

implementation of the plan and, indeed, in the future economic prosperity of the Pacific Northwest.

5. Does the Plan In Fact Describe Regional Problems and Issues and Devise Strategies to Do Something About Them?

Problems are described but not in the detailed format of a multistate strategy based on the building blocks that are supplied by state and local governments.

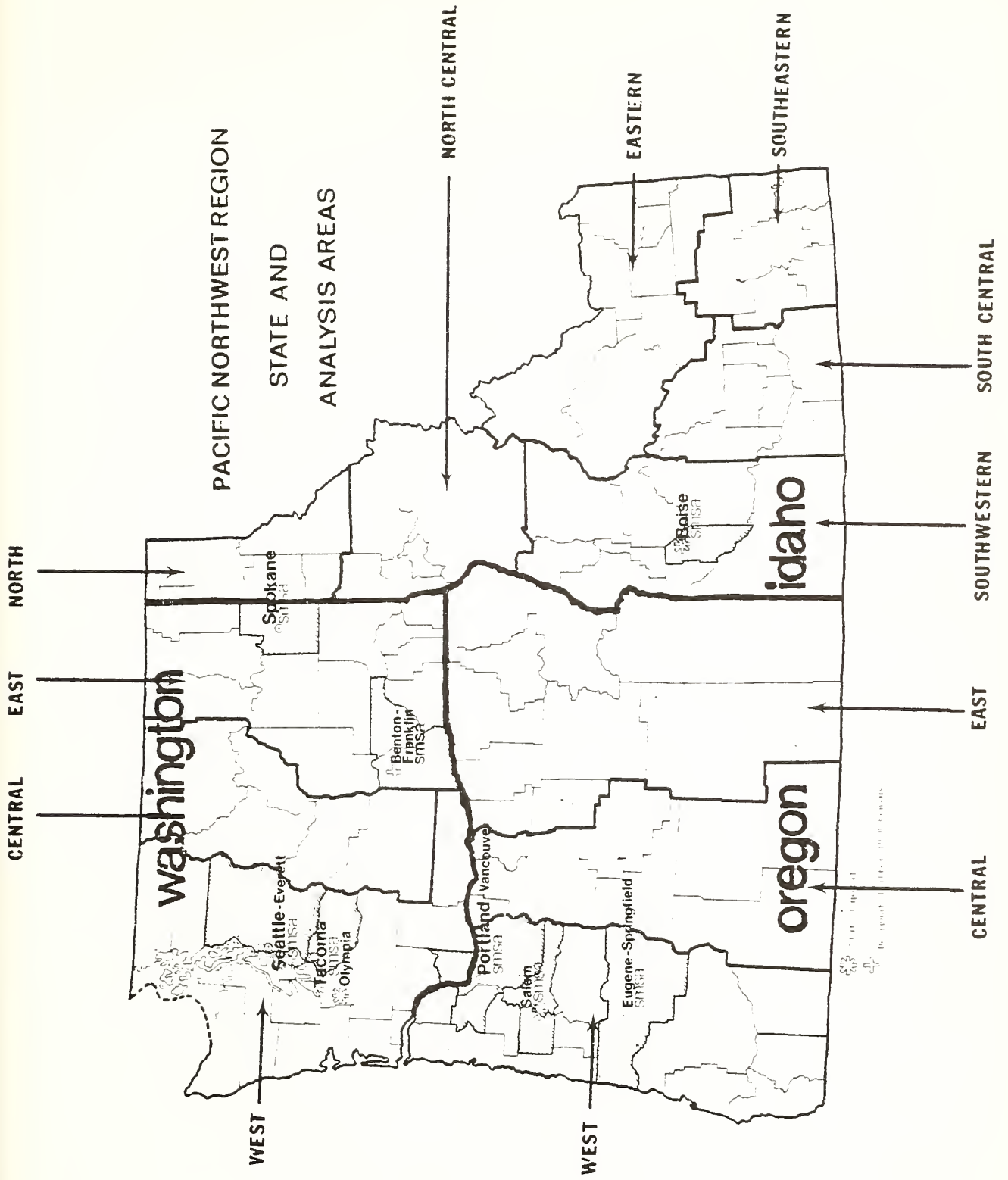
There is a section on public expenditures and revenues (pages 204-214) taken largely from U.S. census data rather than careful analysis of state and substate budget documents. However, the expenditures discussion does not take into consideration the interaction between Federal, state, and local expenditures -- the intergovernmental fiscal transfers by which local actions are influenced so as to carry out national and statewide purposes.

There is no discussion of the fiscal pressure on state and local budgets and the increasing reliance on Federal transfers to relieve this local fiscal pressure. Nor is there a discussion of the leverage that can be used by carefully placed Federal investments so as to influence new investments by state, local, and private sectors.

One of the most significant discontinuities in the plan is between the document's "Analysis Areas" and what might be termed "Implementation Areas."

Twelve "Analysis Areas were chosen in order to begin assessing issues and problems at the sub-State level, and to assess opportunities and potentials in large portions of each State." (p. 12). An implied purpose apparently was to devise a calculation of public and private investment that would be needed to "diversify the economy and raise per capita incomes of all sub-State Analysis Areas (and other counties or communities as deemed necessary) to 90 percent of the national average by 1990." (p. 37). Apparently, statewide income-gap calculations were considered to be too gross (masking substate differentials) and county calculations too localized.

The 12 "Analysis Areas" are shown on the accompanying Map 1.



However, nowhere is it explained precisely how these "Analysis Areas" were selected.

They are not the same as the region's seven "economic areas" defined by the U.S. Bureau of Economic Analysis, each of which:

"...encompasses a 'complete' economy and its economic activity consists of a group of heterogeneous, rather than homogeneous, industries.... Each BEA area consists of an urban center and the surrounding counties in which economic activity is focused, directly or indirectly, on the activity of the center."^{13/}

The BEA areas are part of a network of 173 across the country and are sometimes used in regional analyses. Those in the Pacific Northwest are shown in Map 2.

In the absence of any forthright explanation of the derivation of the "Analysis Areas," it would seem they are arbitrary aggregations of the standard county population and economic data.

If this is true, would it not have been realistic to devise "Analysis Areas" that are as close as possible to "Implementation Areas" by which the public investments inevitably will be made to close the income gap? These "Implementation Areas," of course, are the multicounty substate regional councils that have been so carefully nurtured and developed in the three states over the past decade, and are in fact part of the network of approximately 500 substate districts that are the closest approximation to socioeconomic regions that we have in this country.

Substate regions for economic development purposes take two forms.

The first, shown on Map 3, are Areawide Clearing-houses designated by state governments to review applications for Federal assistance under OMB Circular No. A-95. There are 6 in Idaho, 13 in Oregon, and 28 in Washington (including two bi-state councils).^{21/}

The second set of "Implementation Areas" includes the 15 Economic Development Districts designated for special assistance by the U.S. Economic Development Administration --

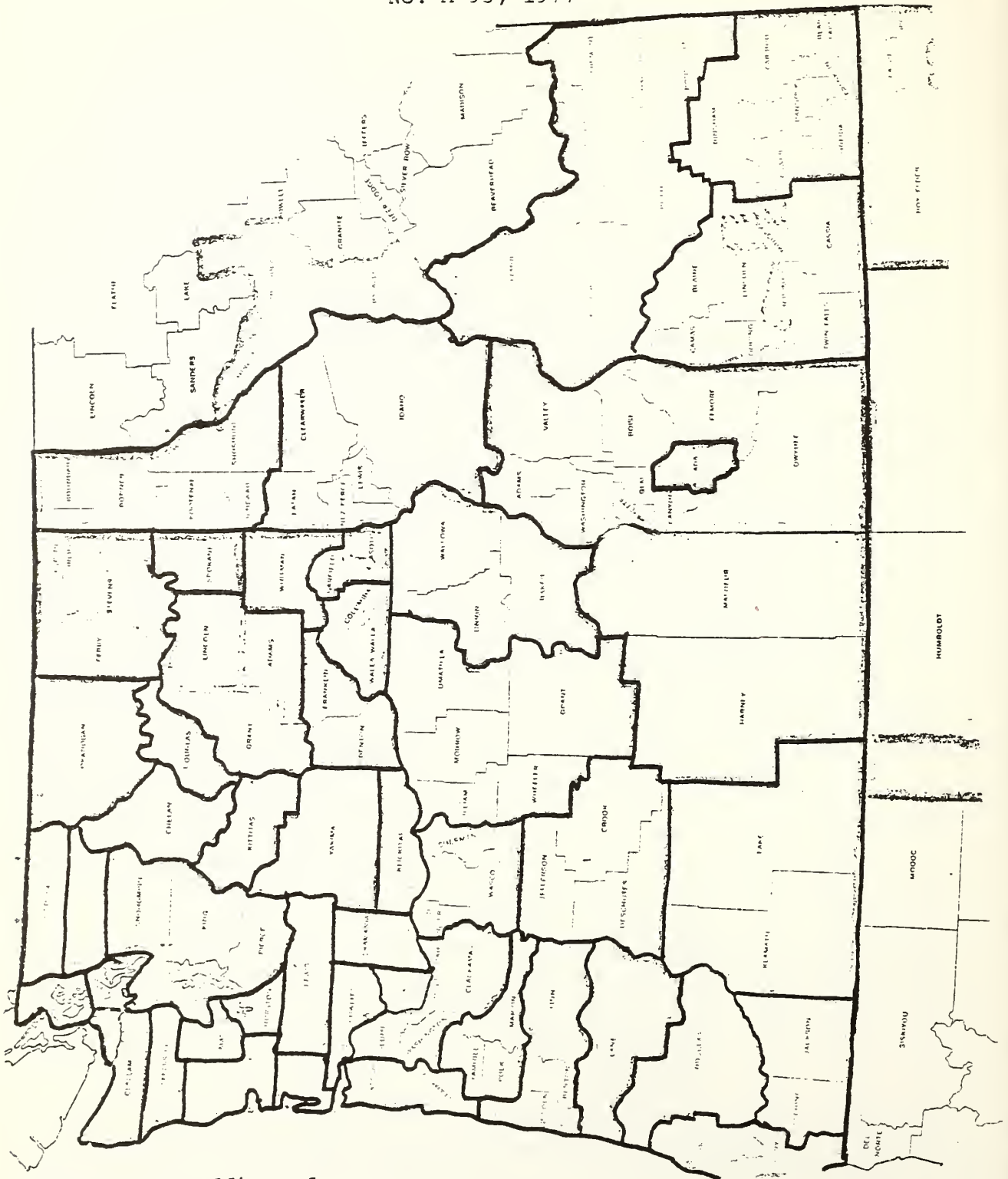
MAP 2

BEA Economic Areas in the Pacific Northwest



- 151 Salt Lake City
- 152 Idaho Falls
- 154 Spokane
- 155 Seattle-Everett
- 156 Yakima
- 157 Portland
- 158 Eugene
- 159 Boise

AREAWIDE CLEARINGHOUSES IN THE PACIFIC NORTHWEST
DESIGNATED PURSUANT TO OMB CIRCULAR
No. A-95, 1977



Source: U.S. Office of
Management and Budget

6 in Idaho, 4 in Oregon, and 5 in Washington (including two bi-state EDDs). They are shown on Map 4.^{15/}

As can be seen from comparison of Maps 3 and 4, 10 of the A-95 Clearinghouses have the same boundaries as EDDs; this convergence is especially apparent in Idaho and Oregon, where a deliberate attempt seems to have been made to harmonize the two types of regional councils. Washington, on the other hand, appears to have opted for smaller regions (in some cases single-county), and the EDA-designated EDDs are aggregates of smaller Clearinghouses in most cases.

Further comparison between the Plan document's 12 "Analysis Areas" (Map 1) and "Implementation Areas" (Maps 3 and 4) indicates the following:

The six "Analysis Areas" in Idaho in fact are the same as the six "Implementation Areas."

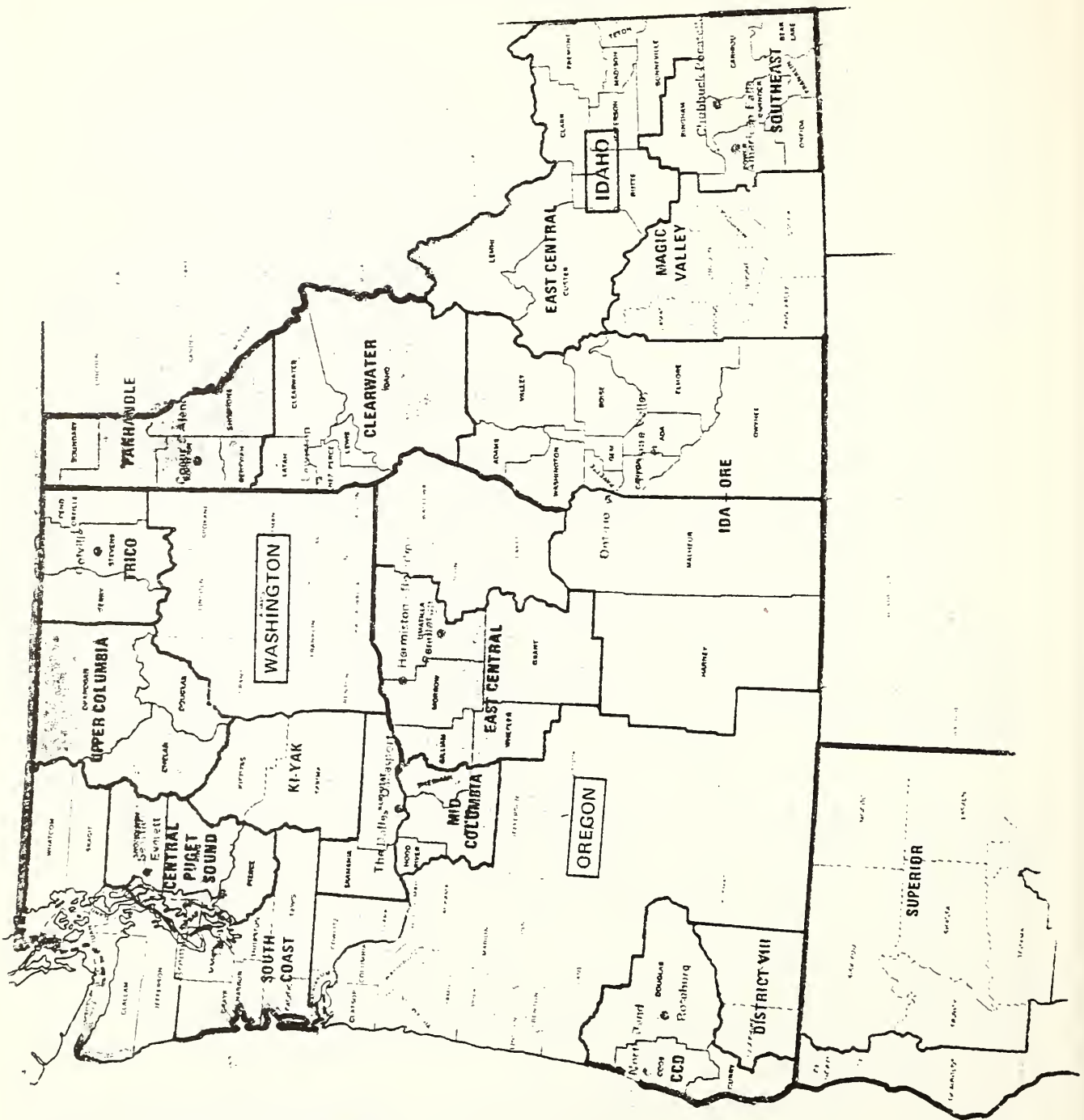
The six "Analysis Areas" in Washington and Oregon are aggregations of the states' "Implementation Areas" in the sense that boundaries do not violate the substate regional council boundaries.

If, indeed, the Plan's "Analysis Areas" bear some relation to the "Implementation Areas" which are off and running in carrying out economic development, why was this not stated explicitly and made part of the strategy for doing something about the region's economic problems and income gap?

As an example, just one Federal agency -- EDA -- had made investments of nearly \$243 million between 1965 and March 31, 1977, largely through the multi-county substate system of A-95 Clearinghouses and/or Economic Development Districts.^{14/} This EDA assistance -- along with other Federal programs like employment training, vocational education, and public service jobs -- surely provides the basis for any realistic development strategy. But it would be quite difficult to derive any real strategy from the discussion of "Analysis Areas."

This discontinuity between "analysis" and "implementation" suggests a misunderstanding of the planning process. Planning must be somewhat incremental, because the added investments needed to carry out the development strategy will be programmed through the policy and budgetary systems of existing Federal, state, and local units of general government -- "implementation areas."

ECONOMIC DEVELOPMENT DISTRICTS
IN THE PACIFIC NORTHWEST, 1977



Source: Economic Development
Administration, U.S. Department
of Commerce

This observation about "implementation" is made with full recognition that fiscal and organizational structure varies from state to state -- there is considerable variation even between the three states in the Pacific Northwest economic region. It is indeed a formidable task to design a feasible strategy with such diversity. But the planning exercise must pursue parallel but intersecting paths -- "bottom up" from local to region, and "top down" from region to local.

The linchpin for the economic development strategy for the region must be the three state governments and their economic strategies and their fiscal and governmental programs as they relate to economic development.

Each of the three states has a well-established economic development planning program which is supported by EDA grants under Section 302(a) of the Economic Development Act of 1976. These three state strategies should be the core of both the economic analysis and the implementation strategies for any multistate regional effort, but they are not even mentioned in the plan. 6.8.22/

Thus, it is difficult to make the jump from the Plan's economic calculations on a regional basis (which come largely from regional projections of income, and subdivision into 12 analysis regions) and any possible implementation through intergovernmental finance which will occur through the budgets of the Federal agencies, the three states, the substate multicounty districts, and the individual city and county governments and special districts within the region.

6. Is the Plan Trimmed to Fit the Likely Appropriation Level, or Does it Set Out What Needs to Be Done Irrespective of Amounts?

The Plan document as stated does not seem to have much direct relationship to likely appropriations levels, since it is not based upon a calculation of existing appropriations and the incremental amounts that will be needed to carry out the strategy and raise the income levels and preserve the quality of life of the region.

7. Does the Plan Serve a Justification for the Annual Budget Submission of the Commission's Budget? What Is the Relation of the Plan to the Annual Budget Request?

The Plan document has no mention of the Commission's budget or funding levels, or even of the Commission's role in carrying out the plan. One of the key roles of the Regional Commission is to provide leverage for action by other institutions. For this reason, the Federal Cochairman was given a policy-level position within the Department of Commerce (Level IV). In addition, the Secretary of Commerce is the overall manager of the Title V regional development enterprise (from the Federal side), and the Deputy Undersecretary for Regional Operations and its Office of Regional Economic Coordination have specific management responsibilities. These high-level officials are to be advocates for the region and its economic development within the Federal establishment. There is, however, no mention at all of galvanizing these officials to their proper role as advocates for the Pacific Northwest within the national economy, nor are these officials armed with sufficient data to carry out their responsibilities in specific budget and program terms so that they can go to their counterparts, both within the Department of Commerce and other Federal agencies, to do something about the region's economic problems.

The Pacific Northwest, with its natural resource base and fragile environment, would be particularly sensitive to the management and policies of such agencies as the Bureau of Indian Affairs, Bureau of Reclamation, Bureau of Land Management, Forest Service, Environmental Protection Agency, National Oceanic and Atmospheric Administration, and the U.S. Department of Defense. However, the Plan document does not say much about the important role that these Federal agencies play, nor is there an analysis of their present expenditures and policies with regard to the Pacific Northwest.

8. Does the Plan Describe the Federal Fiscal Assistance Needed To Implement It Fully? Does It Identify Various Federal, State, and Local Programs That Can Be Tapped?

The budget analysis in the Plan is quite fragmentary and perfunctory. Within the economic analysis sections there is some discussion of the various components of the economic base, but very little was done to relate the specific

economic problems of the Pacific Northwest to specific funding.

A recent study called State Strategies for National Economic Policy ^{5/} groups Federal economic policies into six specific categories: macroeconomic policies; Federal purchases, grants and income transfers; influences on the labor market; transportation, communication and commerce; capital; and natural resources, including energy. An analysis of these Federal influences -- through budgets, regulatory decisions and legislation -- would show a pervasive Federal influence that can be sorted out and made more rational so far as impact on the Pacific Northwest regional economy is concerned.

State Strategies for National Economic Policy goes on to describe a number of ways that subnational institutions like regional commissions can influence national policy using such techniques as economic modeling, tracking all Federal assistance coming into the region, coordinated state growth policies, joint Federal-state planning, and economic impact statements. A cataloging of these opportunities for influencing Federal policy would be very helpful to the regional economic strategy for the Pacific Northwest.

The economic analysis section of the Plan does contain a useful discussion of a number of factors in regional development that are not usually found in such documents, including tourism, air and water quality, land, and foreign trade. There has been an attempt, apparently, to gather documents and to interview appropriate officials.

There are, however, a number of other factors which appear not to be adequately discussed and, therefore, not to be reflected in the implementation strategy. These include:

- ⊖ The effect of Alaskan oil in need for new pipelines and facilities on the Northwest coastal zone.
- ⊖ The onshore impacts of offshore oil and gas as the country explores the outer continental shelf.
- ⊖ The impending water shortage and the decline in hydro-electric capacity as a factor in the region's relative economic advantage.^{2/}
- ⊖ The effect of such human resource potentials as employment training, improvement in education, and health as factors in improving the human capital of the region.

- ⊖ The role of the private transportation sector (airlines, railroads, barge lines, pipelines, and intercoastal shipping), which is regulated at both the Federal and state levels, and the efficiency of which is somewhat dependent upon public infrastructure investment.
- ⊖ There is virtually no discussion of two significant poverty subgroups, the American Indian and the migrant farmworker. The former appears concentrated in two geographic locations: Indian reservations which are largely rural, and urban neighborhoods. Migrant workers have been the object of a number of special programs through HUD, Labor, HEW, and CSA. A section targeting on these two groups would be a useful addition to the Commission's economic strategy.

9. Does the Plan Suggest Inadequacies in the Title V Legislation?

None apparent.

10. Evaluate the Participation of Individuals and Groups in the Plan Preparation -- i.e., States, Substate Groups, Cities, Private Groups, Consultants, and the Commission Staff.

The analysis sections appear to derive largely from secondary research. The calculation of remedies in the sense of needed public investment is largely from hypothetical models based on calculations of income gaps by "Analysis Areas" which are not readily implementable.

Regarding citizen participation, there is only passing reference to a significant resource. The Pacific Northwest region is perhaps unique in the country in that all three participating states have in the last several years undertaken innovative programs to assess the needs and preferences of local citizens in a sort of "town meeting" format. These three statewide efforts are: "Idaho's Tomorrow"^{7/} (and the more recent Economic Development and Growth Conferences); "Alternatives for Washington"^{23/}; and "People and Land Public Workshops for the State of Oregon."^{9/} There is a brief footnote referring to these three efforts in the Plan document (p. 17), but little indication that the Goals stated in the Plan document derive in part from an analysis of the results of the three state efforts.^{3/}

In this respect, the Pacific Northwest Plan suffers from the same inadequacies found in the Plans prepared by other Commissions. In the words of a recent review of Title V Commissions:

"The planning process has been generally remote from the elected officials of the region below the state level and sometimes even at that level. But, there may be a growing awareness that local and state involvement in the planning process increases the acceptability and utility of the plan...."^{12/}

There is also a growing awareness that one of the most important indications of public preferences is the budget and legislative decisions that are made by the public's elected representatives -- city councils, mayors, county commissioners, state legislators, Governors, Congresspersons and Senators, and the President. In their review and update process, the framers of the Pacific Northwest Plan might well consider assessing the adequacy of the budgets and program structures as indicators of the public preferences in the region.

At the Federal level, the voting record of the area's Congresspersons and Senators, as well as the record of Federal expenditures as they relate to the region, is the evidence of the public's preference. It may be hypothesized that the area's Congressmen are quite conscious of the economic base of the region and attempt to look out for its interests in national economic policy, but the Commissions's plan document gives no evidence of their interpretation of the preferences of the public, either through interviews or through their voting records.

11. How Does It Relate to Other Regional Plans, Such As the Level B Plans Under Title II of the Water Resources Planning Act?

The actual economic development strategy of the Pacific Northwest can be said to be a composite of the budgets of the Federal government, the three states, and their sub-state minor civil divisions (including regional councils of government). Any regional plan would have to encompass and describe the activities of these bodies, which are in fact the planning bodies for the region.

In addition, though, there have been a number of institutions created for multistate cooperation in the Pacific Northwest.

The Pacific Northwest River Basins Commission was created under Title II of the Water Resources Act in 1966 to coordinate the water and related land resources planning for the region. The Plan document has almost no mention of the activities of this key body, on which are represented the five states in the Pacific Northwest Columbia River Basin (the three states of Idaho, Washington, and Oregon, plus western Montana and western Wyoming as they relate to the Columbia Basin), and the various Federal agencies which are concerned with water and related land resources.

The Pacific Northwest River Basins Commission has instituted a number of special and intensive studies of areas that bear on economic development. These are called Level B studies, and they relate to the natural resources needs of the region and the projects and actions that will be needed to carry them out. There are a number of Level Bs underway in the Pacific Northwest region but there is only passing reference to their impact on the Pacific Northwest economic plan.

In addition to the PNRBC, the three states plus Alaska participate in the Region 10 Federal Regional Council, which is the organization of regional administrators of Federal domestic agencies. The Region 10 Federal Regional Council is considered to be among the best managed in the country. An example is the FRC's Northwest Regional Profile^{19/} which was issued in 1974 as an analysis of the regional problems by functional area as prepared by Federal agencies.

The FRC's FY 1978 Work Plan indicates the wide range of subjects in which the FRC engages -- and their key role in economic development: interstate crude oil pipeline; implementation of OMB Circular A-95; energy development and conservation; boom areas; Indian services; Federal Assistance Program Retrieval System; Trident (submarine) community assistance; marine oil transfer facilities; thermal power plants; and Federal aid regulation reform and simplification.^{18/}

The FRC also issues an annual analysis of the Federal budgetary impact on each state.^{20/}

Another multistate regional body is the Federal Reserve District Bank. The Pacific Northwest is served by branches of the Twelfth Federal Reserve District in Portland, Seattle, and Salt Lake City. The Bank exercises some influence over the flow of money and credit in the region.^{4/}

One of the more important regional institutions is the Bonneville Power Administration, a Federal corporation which coordinates the marketing of hydroelectric power in the region. BPA would play a role in any regional strategy.

All three states are members of the Western Governors' Conference and Western Council of State Governments.^{24/} A recent compilation indicates the three states belong to one or more of eight commissions established under interstate regional compacts in such areas as water, education, oil conservation, fisheries, energy, tax administration, and nuclear activity.^{25/}

The boundaries of the major multistate regional organizations in the Pacific Northwest are shown in Map 5. Each has ongoing plans and programs that impact directly on the relative economic prosperity of the Pacific Northwest, and the Pacific Northwest Regional Commission might well want to consider taking a lead position in coordinating their activities.

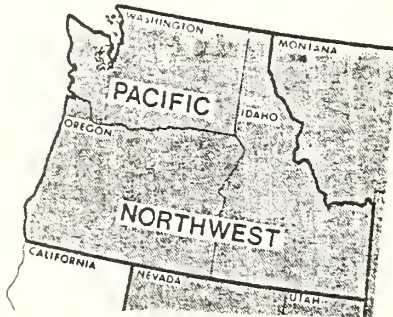
12. Does the Plan Address the Questions Arising From the Need to Manage Growth in Areas Within Regions, As Well As Dealing With the Declining or Stabilized Areas?

In the sections on environmental management, there is some attention to the need to manage growth. However, this is not related to the economic projections, and there is very little discussion of the tradeoff between environmental considerations and the need for new investment. The plan suffers from having no urban component, even though many of the region's structural economic problems relate to declining center cities and obsolescent physical plant. The region's two largest metropolitan areas are beneficiaries of special EDA assistance -- the Central Puget Sound Economic Development District, Inc., is one of the nation's few designated Economic Development Districts that is primarily metropolitan in character, and the City of Portland receives 302(a) assistance for urban economic development planning.^{11/}

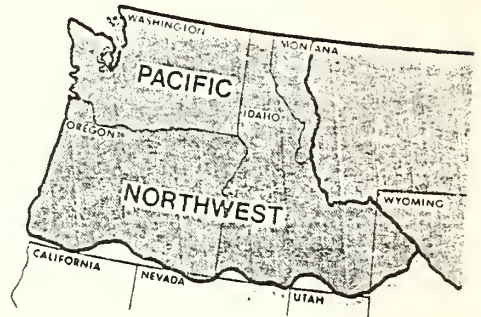
There are a number of other innovative programs affecting economic/environmental tradeoffs. Efforts to reduce pollution in the Willamette Valley have received national commendation,^{17/} and the Portland area is undergoing a significant experiment in metropolitan governmental reorganization.^{1/} The Puget Sound area is the subject of a large-scale

MAJOR MULTISTATE REGIONAL ORGANIZATIONS
IN THE PACIFIC NORTHWEST, 1977

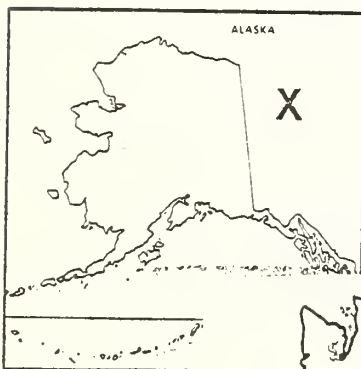
Pacific Northwest Regional
Commission (Title V)



Pacific Northwest River
Basins Commission (also
Bonneville Power
Administration)



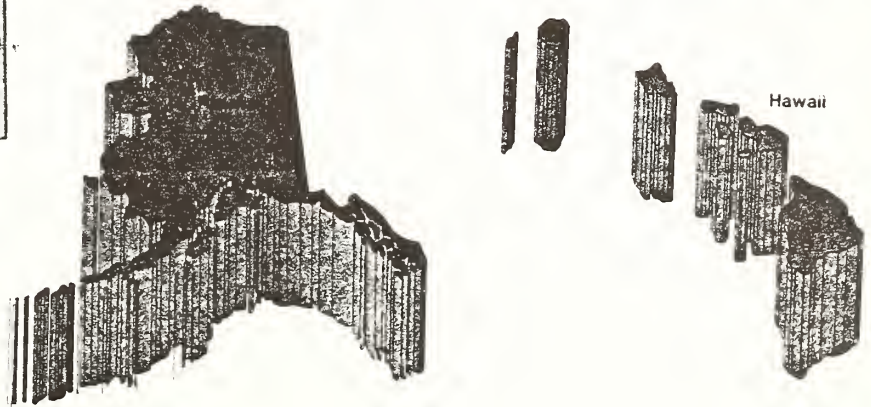
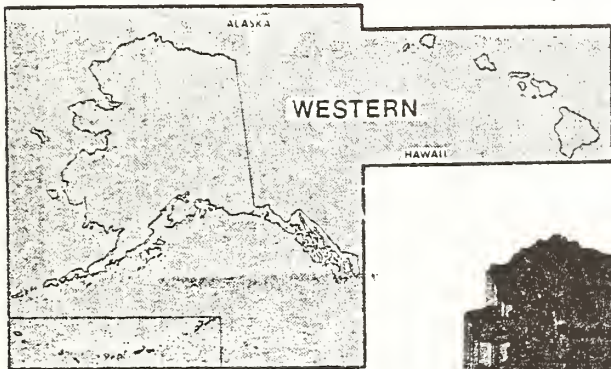
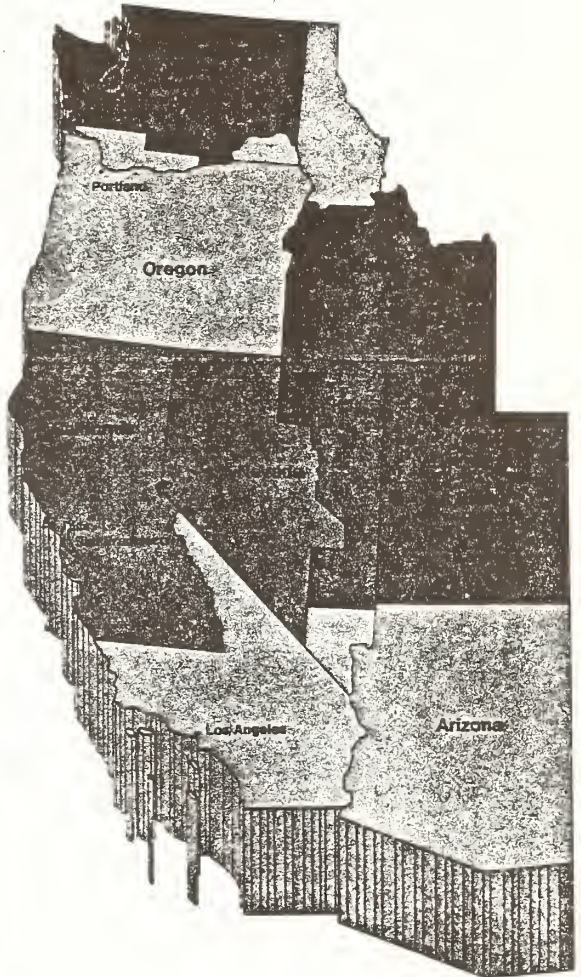
Northwest Federal Regional
Council (Region X)



MAJOR MULTISTATE REGIONAL ORGANIZATIONS
IN THE PACIFIC NORTHWEST, 1977 (Continued)

Western Governors' Conference
and Western Council of State
Governments

Twelfth Federal Reserve District



Level B study under the leadership of the Corps of Engineers and Pacific Northwest River Basins Commission.

As the regional plan undergoes revision and detailing, the Pacific Northwest Regional Commission -- and its participating units of local, state, and Federal government -- could seize an opportunity by casting a more significant portion of its planning in both urban and growth-management modes -- both of which would seem compatible with the needs and preferences of the residents.

APPENDIX 1

CITATIONS

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14. U.S. Economic Development Administration, Directory of Approved Projects As Of March 31, 1977 (Washington: EDA, U.S. Department of Commerce, 1977), pp. v-vi.
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21. U.S. Office of Management and Budget, "OMB A-95 Directory for State, Metropolitan, and Regional Clearinghouses," Federal Register, Monday, January 10, 1977, Part V, pp. 2288-2291.
22. Washington Department of Commerce and Economic Development, State of Washington Economic Development Planning Program Annual Report, Fiscal Year 1977 (Olympia: DCED, n.d.).
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25. Leonard U. Wilson, State Strategies for Multistate Organizations (Washington: Council of State Planning Agencies, 1977), pp. 50-58.

APPENDIX 2

PERSONS CONTACTED IN PREPARATION FOR THIS REVIEW March 1978

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Shirl Boyce, Jr. Idaho Bureau of State Planning & Community Affairs. (Soon to join staff of Pacific Northwest Regional Commission.)

William K. Brussat. A-95 Coordinator, U.S. Office of Management and Budget.

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Fran Pappas. Office of Regional Economic Coordination, U.S. Department of Commerce.

Robert Rauner. Office of Regional Economic Coordination, U.S. Department of Commerce.

Karen Sagett. Liaison for Region X Federal Regional Council, U.S. Office of Management and Budget.

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2400 - 19th Street, N.W.
Washington, D. C. 20009
March 16, 1978

Dr. Robert Rauner, Acting Deputy
Office of Regional Economic Coordination
Room 2092
Department of Commerce
Washington, D. C. 20230

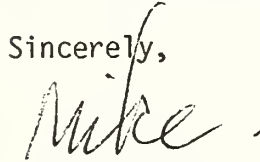
Dear Bob:

As required by your purchase order number 8-41505, enclosed are six copies of a technical review of the Pacific Northwest Regional Commission Plan.

I hope these comments are useful to you and to the regional commission... Should you or they desire elaboration on my comments, I will be happy to supply it.

With best wishes,

Sincerely,

A handwritten signature in cursive script, appearing to read "Mike", followed by a period.

MONROE NEWMAN

Enclosures

Review of
Pacific Northwest Regional Commission
Regional Plan

November 1977
by
Monroe Newman

Each of the regional plans submitted by regional commissions created under Title V of the Public Works and Economic Development Act of 1965 is to be forwarded by the Secretary of Commerce to the President. Accompanying this transmittal is to be recommendations. The function of this review is to assist in the development of those recommendations.

The pertinent section of Title 13, Code of Federal Regulations, Section 530.3, delineates four criteria which are to be considered by the Secretary of Commerce in making recommendations. On three of the four criteria specified, the Pacific Northwest Regional Commission (PNRC) plan clearly satisfies the review standards. The plan was devised against a background of projections that were built from forecasts of national trends, thereby providing reasonable assurance that the following standards have been satisfied:

- (a) Consistency with national economic trends;
- (b) Interregional consistency; and
- (d) National benefits.

The fourth standard, (c) Transference of employment, is not overtly violated since there is no evidence that the PNRC program "will result in a transfer of jobs causing unemployment at the original location of the industry or business." However, some relocation, without PNRC activities, will undoubtedly occur that will cause unemployment in areas of origin. PNRC might have been better advised

to make explicit an intention to avoid violating this standard since without doing so, it might be given responsibility for relocations that will occur in the normal course of events.

It is recommended that the plan be approved by the Secretary despite uncertainty caused by omission of language stating the intent of the plan. Clarification of intention on this point would be helpful, however.

The Code of Federal Regulations, Title 13, in Section 530.1, provides a basis for judging the completeness of regional plans. By including the words "when fully developed," the Code clearly is not intended to specify conditions that must be met in an initial plan. Since the PNRC submission is a first effort, repeatedly in it there is mention of an emendation and elaboration process, there should be no expectation that the present plan will necessarily satisfy all elements listed in Section 530.2. It may be useful, however, to provide a judgment of the degree to which this plan appears to satisfy the section. Later in this review, fuller comment is offered on some of these same points.

The items in Section 530-2 are:

- (a) Review of prior studies. There is no internal evidence that a complete review has occurred and at least one early classic work on the area, by Richard Pfister, is not mentioned.
- (b) Framework for analysis. There is no explicit indication of a full research agenda, as is expected. Some further projective analyses are anticipated whose utility this reviewer would question.

- (c) Review of regional economy. This has been capably done in Chapter V.
- (d) Review of conditions inhibiting growth. This is not fully appropriate for an area with above average prospects for the area as a whole. The plan does well to focus on trouble spots within the overall growth situation.
- (e) Review of major plans and pending decisions. There is more than sufficient evidence that this was not done. The letters of comment in Appendix B plus the lack of mention in the plan of the Overall Economic Development Programs prepared for parts of the region indicate that considerable emphasis needs to be placed on this subject in the future.
- (f) Establishment of regional goals. This has been done, along with recognition of some of their interdependency and potential conflicts.
- (g) Determination of a development strategy. An attempt in this direction was made. A complex, sophisticated strategy is proposed that includes appropriate locational criteria. However, the plan is most deficient in its discussion of means to implement the strategy.
- (h) Review of existing program adequacy. There is no internal evidence that such a review was undertaken.

- (i) Criteria for project identification. An attempt to delineate functional and locational criteria was made. The adequacy of the delineation depends on the ability to get agencies and individuals to accept and apply them. The plan does not deal with this subject except with generalities about coordination and cooperation.
- (j) Consideration of other planning in the region. As part of the plan's omission of institutions other than PNRC, there is no internal evidence that consideration of others' plans was an integral part of the basis for the regional plan.

In summary, a comparison of the initial plan submitted by PNRC with the elements of a fully developed plan shows that the most neglected aspects relate to integration with other organizations, their plans, strategies and investment and other program elements. These institutional inadequacies will be mentioned again later.

If the relative number of pages per topic is any indication of the relative effort devoted to various aspects of plan preparation, most effort must have been spent on Chapters 5 and 6 and Appendix A. On the assumption that this is true, some specific comments on these elements of the plan are warranted.

Given this level of effort, it is remarkable that simple errors should appear in this volume. Some examples are an error in the percent change in population for Klamath Falls in Table 5.1-4 on p. 55; an error in computing the employment participation ratio for

American Indians on p. 75, Table 5.1-18; and a probable error in the date of the data in Table 5.1-21, p. 81.

Of greater importance than these minor errors is the role that Chapters 5 and 6 appear to have played in the preparation of Chapters 3 and 4, which really constitute the heart of the plan.

Chapter 5 is an extremely detailed data compendium that catalogs and discusses much of the readily available economic, natural resource, social, demographic, and environmental data for the three states. It is easy to suggest data omissions (an example would be interstate but intraregional trade flows and another analogous one is domestic interstate trade flows) but there is little point to that. The document is well supplied with historical data.

In addition, the last pages of this chapter, pages 248-256, do a good job of identifying issues that could well become the focus of a regional economic development program. Not only are issues highlighted but the interrelations among issues and implicit goals are specified. These pages qualify as among the very best in the entire volume.

Having said this, it is important to note that the goals and strategy chapters do not begin to address all the implications of these pages. It is not clear that an economic development agency is likely ever to be able to address such a range and complexity of considerations. That might be a goal, however, which later refinements of the plan seek to attain.

Another possible criticism of this chapter is its general lack of substate data. That makes for less than a perfect match with Chapter 6, about which more will be said shortly, and it clearly leaves unsatisfied those seeking factual bases for localized programs and projects. The level of aggregation seems appropriate, however, because throughout the plan, there is no identification of the institutional bases for the program. Certainly, the three states would be involved. Beyond that, not much more can be inferred. And without an institutional base, geographically disaggregated data are likely to have minimal impact on the program.

Casual empiricism suggests that the most expensive part of the plan was Chapter 6 and the related Appendix A. It also suggests that the search for projections was a relatively useless exercise and that further emphasis on this type of analytical approach as a basis for plan revisions would probably not be cost-effective.

There are a number of reasons for this judgment. The first is the subregional analysis units utilized. As suggested earlier, regional disaggregation should be related to the boundaries of institutions with implementation authority. There is no discussion of the reasons for the selection of boundaries for the analysis areas. In fact, their actual boundaries are not described though presumably they follow county lines.

It is also possible to assume that an attempt was made to select analysis areas on the basis of some homogeneity criteria, though the frequent mention of intra-area differences makes this seem not a likely basis for area delineation.

Still another presumption is triggered by the fact that Idaho, the state with the smallest population, is divided into five analysis areas while the other two states have three areas each. It is possible that the Idaho areas conform to economic development district and state boundaries - a very sensible decision. The other two states do not have a history of full coverage by economic development districts and, it has to be assumed, some other unspecified criteria were the basis for the analysis area designations in those states.

There are, in addition, two highly fundamental reasons to believe that further pursuit of an improved version of this projective system should be avoided. The first is its inability to be sensitive to the policy choices that PNRC might be able to influence. The second is apparent conceptual errors in the projective model.

As stated in the plan, the projection methodology is an application of base analysis, one of whose fundamental assumptions is that supply curves are infinitely elastic. This is inconsistent with the facts. For example, the plan makes frequent mention of the rising environmental and natural resource costs that may be associated with further growth. Moreover, the infinite elasticity assumption is incompatible with the program emphasis of PNRC.

The strategy for development selected by PNRC focuses on things that can be done within the region. To a considerable extent, these are designed to ultimately influence the cost of doing business in

the Pacific Northwest. In other words, the PNRC focus is on supply shifts, yet the projective model is absolutely insensitive to changes in supply. It is affected only by changes in demand, something over which PNRC is not likely to have much influence. The assumptions of the projection model and the realities of policy are in direct contradiction.

The conceptual problems with the projective model fall into two categories. The first has to do with the categorization of industries into the basic and nonbasic groups. To do this properly, that share of each industry which contributes to an export should be categorized as basic. This has been a settled part of the theory at least since Charles Tiebout wrote The Community Economic Base Study for the Committee for Economic Development. It is a step that is frequently evaded because, done properly, it requires a survey, trade flow data and/or an input-output study. In this instance, input-output studies and at least some trade data were available. It seems wasteful to have done such an elaborate study after having unnecessarily abridged an essential early step. It is impossible to gauge the impact of this shortcut but logic says that the value of every regression coefficient was affected by the decision to define as basic those industries (among others) which sent more than 30 percent of their output out-of-state.

Associated with this problem is the logic of the base model adopted. As described, the logic flows from an increase in basic employment to an increase in population to an increase in nonbasic

employment. However, there are two reasons to think this logic may be flawed. First, recent research on migratory behavior strongly suggests that employment and population changes are related in ways that make a simultaneous model much more appropriate. Secondly, given the industrial characteristics and future prospects of the region, it is easy to argue that it is population growth, by creating markets of adequate scale, that is the motive force behind employment growth. In a phrase, chicken and egg are not as simply identified as the logic of the projection model assumes.

Whether or not these criticisms of the projection model are accepted, some other negative comments are appropriate. Absolutely pivotal to all results are the projections for the basic industries. There is no way to judge the soundness of these exogenous projections. They are mentioned on pages 294-6 with an implied appeal for confidence which may, in fact, be warranted. However, there is no way to make an informed judgment. This lack of information is compounded by the absence of any published sensitivity analysis. Without running the model, there is no way to know how the results would be affected by seemingly small or large changes in the exogenously determined future values for the basic industries.

Turning now to the heart of the plan, Chapters 3 and 4, problems are not left behind. The greatest weakness in the whole undertaking is the apparent lack of an institutional base for planning and program implementation. That is an absolutely critical flaw. PNRC

has proposed a highly complex spatial and functional strategy whose implementation depends upon other agencies with whom PNRC has to negotiate based only on its persuasiveness. The long history of intergovernmental relations is convincing evidence of the truth of the adage "money talks." By proposing, as it does, that PNRC will only undertake those things no one else is willing to do and by not proposing that it be given funds to influence their willingness, PNRC has probably designed a eunuch. It has given itself no way to effectuate the strategy its goals require.

At first reading, the goals themselves are exemplary but even here, some problems exist. Goal 1 is a well-stated economic objective that properly recognizes the relationship to the second goal and is appropriately cautious about the consequences of attempts to limit growth in large urban areas. However, research and experience do not fully support the implied confidence in such encouragement to business as loans and tax incentives and the utility of the proposal to aid in relocation of persons also could be questioned.

Goal 2 speaks to a judicious use of incentives, regulation and land use mechanisms but its relationship to goal 3 is poorly defined and, in fact, that goal itself is very weakly defined.

Goal 4, with its emphasis on public services delivery, seems to be missing an organic connection with the urban size and land use elements of goals 1 and 2. Clearly, which services are provided and how and where they are provided affects the evolving spatial structure of the region.

Goal 5 places excessive emphasis on data and should have addressed the creation of institutions and linkages to institutions that can be used to implement the PNRC's programs.

PNRC's estimates of the costs of its desires for the region are, at best, gross estimates but even here a better job might have been done. In estimating the costs associated with goal 1, PNRC says it can give no insight into how funds will be allocated among projects and properly defers this to state and local planning and programming. It does not, however, seem to qualitatively relate these contemplated public investments to the private investments it apparently hopes to induce or to implicit employment projections for the areas of the region.

In proposing grants to the states to help accomplish goal 2, PNRC apparently has an unspoken basis for judging that this will be equally costly in each state and that back-up personnel exist for planning and the implementation of plans. Moreover, it is not at all clear why the activities associated with goal 3 and some in goal 5 should not be pursued jointly with those related to goal 2.

Costs for goal 4, like those for goal 1, suffer from the absence of state and local participation. The part of the funds associated with goal 5 that would be used "to support state and local program and project planning and implementation efforts" (p. 42) is crucial.

Money spent in that way should help improve many aspects of the plan and, more importantly, of the program for the region. As the plan is perfected, greater attention should probably be given to one

additional subject. For a region whose territory is so dominantly federally owned and whose economy is so sensitive to federal policies relating to energy, timber, water, and exports, it would appear that much more emphasis on playing a role in national decision-making is highly important. Mechanisms to do that will, it is hoped, be sought in later versions of the plan so that both regional and national perspectives can be accommodated by policy.



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Economic Analysis
Washington, D.C. 20230

OFFICE OF THE DIRECTOR

May 3, 1978

MEMORANDUM TO: Robert M. Rauner, Chief Economist
Office of the Special Assistant
to the Secretary for
Regional Economic Coordination
Department of Commerce

FROM : Daniel H. Garnick, Associate Director
for Regional Economics
Bureau of Economic Analysis *DH*

SUBJECT : Review of the Pacific Northwest Regional Plan

The Pacific Northwest Regional Plan represents a considerable effort on the part of the planners. The purpose of this review is to focus on those parts of the report which need to be improved.

Regional Goals and Objectives (Chapters III and IV)

The comment of the representative of the Corps of Engineers (p. 335) appears to be appropriate: "The report fails to clearly lay out an economic development plan for the Pacific Northwest." Not only does the report fail to provide a clear indication of how the stated economic, environmental, and resource conservation objectives are to be achieved, but it also fails to demonstrate that the goals are mutually consistent and it does not indicate acceptable tradeoffs should conflicts among goals arise. For example, are the two economic objectives (p.18) of achieving a more diversified economy and raising per capita incomes mutually consistent? Or, would diversification require attracting industries in which the Northwest has a comparative disadvantage, and which, therefore, might be expected to inhibit per capita income growth? In the economic goal achievement strategy, moreover, the only sectors that are mentioned explicitly in terms of investment support are irrigated agriculture and fishing (p.39). The region is already relatively highly specialized in these industries, so further expansion would conflict with diversification; and while special investment incentives in these areas would undoubtedly benefit some people, no evidence is presented in the report that further investments in fishing or irrigation are economically justified or that they would raise overall per capita incomes in the region. Moreover, there is no effort to show that expanded irrigation and fishing are consistent with other stated goals relating to environmental preservation and natural resource conservation.

Historical Regional Conditions (Chapter V)

Greater care should have been exercised in this section to insure that (1) consistent data series were used in the analysis, (2) the most recent and appropriate data were used, and (3) periods of analysis were chosen to avoid confusing long-term historical trends with short-term fluctuations. Table 5.2-4 (p.92), showing major sources of personal income, for example, merges data for 1975 with noncomparable data for 1970, 71, and 72--even though consistent historical series are available from the Bureau of Economic Analysis (BEA). There are, moreover, several other tables (e.g., Table 5.2-5 on p.93) which use personal income data that had been revised prior to the preparation of other tables in the report (and hence are not entirely consistent with the data in those tables). In the case of population data, there is no analysis of post-1970 net migration trends for the region, even though such estimates are available from the Census Bureau (or could be readily derived from the population estimates that are discussed in the report). A presentation of net migration estimates would show substantial changes from the 1960's pattern (which was presented in the report). Perhaps the greatest weakness of the historical analysis, however, is the apparent lack of any systematic plan for choosing time periods for analysis. Personal income changes, for example, are analyzed for the periods 1966-70, 1970-74, and 1974-75, while employment changes are analyzed for the periods 1960-66 and 1966-72--even though both the employment and income series used are available annually at the State level. Neither the periods for income nor employment were chosen well in terms of avoiding distortions caused by such cyclical fluctuations as the aircraft manufacturing expansion and contraction of the late 1960's. The report notes (p.78), for example, that per capita income in the Northwest grew less rapidly than nationally from 1966 to 1970 and more rapidly from 1970 to 1975, but the report does not show annual fluctuations, nor does it indicate that the observed pattern of change probably resulted largely because of the choice of an unusually high regional unemployment year as a midpoint for the analysis.

Regional Projections (Chapter VI)

The population and economic projections, while derived from an economic base model which was generally consistent with the model used in BEA's OBERS projections, nonetheless appear to suffer from a number of inconsistencies. For example, the relationship between the population and employment projections for the region does not appear to be entirely consistent with the comparable national projections presented in the report. From 1972 to 1985, for example, Idaho's employment (p.267) is projected to grow at slightly less than the national rate (1.8 percent per year vs. 1.9 percent nationally), while population (p.270) is projected to grow much faster than nationally from 1970 to 1985 (1.6 vs. .9 percent per year). Even though this trend would imply a declining employment-population ratio relative to the Nation, the projections of per capita income (p.273) show faster growth in Idaho than nationally from 1972 to 1985 (3.3 vs. 3.2 percent per year). The per capita income

growth advantage for both Idaho and the region is projected to be even greater for the 1985-90 period (3.0 percent per year for the region vs. 2.4 percent nationally), while there is still a larger projected excess of regional over national population growth than regional over national employment growth (.9 percent per year regional advantage for population vs. .7 percent per year advantage for employment).

It would be helpful if the report spelled out the differences in assumptions or other factors giving rise to the seemingly inconsistent regional-national projection comparisons they present. The purpose of BEA's OBERS projection is to avoid such inconsistencies; that is, they provide a baseline from which departures (based on more recent information or on proposed interventions in the regional economy) may be measured, and in which consistent interindustrial, employment-earnings, employment-population, and per capita income relationships may be maintained.

cc:

George Jaszi, Dir., BEA
Allan Young, Dep. Dir., BEA




UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Industry and Trade
Washington, D.C. 20230

cc Bob Reed -
Return for unit
Fri

MAY 12 1978

MEMORANDUM FOR Lawrence O. Houstoun, Jr.
Acting Deputy Under Secretary for
Regional Affairs

From: Robert E. Shepherd 
Deputy Assistant Secretary for
Domestic Business Development

Subject: Review of Pacific Northwest Regional Development Plan

As requested in Anne Wexler's memorandum of March 21, we have reviewed the Pacific Northwest Regional Development Plan (herein after referred to as the "plan") and have the following comments.

The Pacific Northwest Regional Commission is commended for its efforts in the difficult task of preparing an overall comprehensive plan for its three-state region. It is obvious that the Commission expended considerable time, energy and other resources to develop its economic development plan. Further, the plan, dated November 1977, is a significant improvement over regional commission plans developed over the past decade.

While the plan described the region well, i.e., its problems and prospects, a strategy over certain time periods was not evident. The plan, if it is to be utilized as the guiding document for allocating scarce resources in the region, should describe the strategy(ies) the Commission expects to employ. Fundamental in the strategy(ies) are the relationships with other key Federal, State, and urban governmental entities. The Corps of Engineers has already commented on the need to define the relationship between the Pacific Northwest River Basins Commissions and the Pacific Northwest Regional Commission. Similarly, EPA has also commented on the need to relate the Commission's goals on "environmental quality" to existing plans of other environmental entities namely EPA and the multi-state group of Alaska, Idaho, Oregon, and Washington, which according to EPA will guide the Region's air quality programs. A description of the relationship of the Commission to the Economic Development Administration and EDA's economic development districts was notably missing from the plan. EDA's programs are basic to balanced development and growth in the region, and, thus, should be recognized. Perhaps, what this plan and all other regional commission plans need is a separate section dealing with the "relationships" of the Commission(s) to other key governmental and private entities.

The plan identified the forest industry and its products as a key sector in the development of the Region. This is merely to inform you that my Bureau is extensively working closely with the Commission in efforts to further open the Japanese economy to U.S. (and Northwest) forest products.

We should also note that along with EPA, we are also involved in resource recovery and conservation, and, when appropriate, we would be happy to discuss specific plans in this area with the Commission.

We have made no attempt to evaluate the cost of individual programs proposed over the 1978-1990 period.

In summary, the Commission should be commended for its efforts in developing its regional plan, and we look forward to working with the Commission in its implementation.



UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230.

MAY 18 1978

MEMORANDUM FOR Robert M. Rauner
Acting Deputy, Office of
Regional Economic Coordination
Office of the Secretary

FROM: Robert T. Hall *rt*
Assistant Secretary
Economic Development Administration

SUBJECT: Review of the Pacific Northwest Regional
Development Plan

In response to the memorandum dated March 15, 1978, we have reviewed the Pacific Northwest Regional Plan. The elements provided in Part 530 of Section 503(a)(2) of PWEDA were used to guide our review. However, our comments deal more directly with the planning approach used and the comprehensiveness of the regional planning process.

Specifically, there appears to be an inadequate consideration of other planning going on in the region. In the area of economic development planning, EDA has been supporting the three states, the City of Portland and a number of Economic Development Districts with planning assistance grants.

Section 302(a) of PWEDA provides planning assistance to states and cities to develop and maintain a comprehensive planning process for orderly economic growth and development. The grantees are expected to produce, through this process, a strategy for allocating scarce resources. The Regional Plan does not allude to these planning efforts. We would like to see a closer relationship developed between the Commission planning process and these economic development planning programs. We believe that the EDA-supported planning activities can be of use in filling some of the major planning process gaps identified on pages 36-37 of the Regional Plan.

Also, the Plan does not appear to adequately address the significant economic problems of the Region's major urban centers, i.e. impact of sectoral shifts in job composition, migration of industries away from urban centers, or unique employment problems of the cities. A review of the planning efforts in the urban areas also appears to be missing.

The Regional Plan also outlines the program strategy and states "to enact the proposed strategy will require additional public and private capital and operating costs beyond those projected or planned for the Region." We believe that this statement indicates the importance of prioritizing the programs and projects identified. The Regional Plan does not do this.

To our knowledge, the Regional Plan assessment of problems and opportunities and its stated goals and objectives are consistent with those determined by other entities in the Region.

The planning activities of this Commission appear to avoid the duplication and conflict that we have experienced with other Title V organizations.



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
Rockville, Maryland 20852

MEMORANDUM TO: Robert Rauner
Acting Deputy, Office of Regional
Economic Coordination

FROM: Brian J. Rothschild
Acting Assistant Administrator
for Policy and Planning

SUBJECT: Review of Pacific Northwest Regional
Development Plan

Richard Frank, Administrator, NOAA, has asked that I respond to Anne Wexler's memorandum of March 15, 1978, asking for our comments on the Pacific Northwest Regional Development Plan. I have asked for comments from both our Office of Coastal Zone Management and the National Marine Fisheries Service.

Both Oregon and Washington have coastal zone management programs. Under the provisions of the Coastal Zone Management Act (P.L. 92-583), a plan such as the Regional Plan must be consistent to the maximum extent possible with the States' coastal programs. Prior to approval by the Secretary of Commerce, the Regional Plan must include a consistency certification (15 CFR 930.30 et seq.). In brief, this can be accomplished by sending a copy of the Regional Plan to the coastal zone program managers for the states of Washington and Oregon. A cover letter should accompany the plan and should state the Pacific Northwest Regional Commission's determination as to consistency of the Regional Plan with each states coastal management program. This should be sent directly to:

Nancy Tour
Oregon Coastal Zone Program Manager
Land Conservation and Development Commission
1175 Court St., N.E.
Salem, Oregon 97310
(503-373-4097)

and

Rod Mack
Washington Coastal Zone Program Manager
Department of Ecology
Olympia, Washington 98504
(206-753-6879)



If you have any questions or problems in this regard, please contact Carol Sondheimer (202-634-1672) or Peter Coffey (202-254-7100) of NOAA's Office of Coastal Zone Management.

The Northwest Region of the National Marine Fisheries Service commented that the Regional Plan generally does not deal adequately with the aquatic environment, and that certain planning details mandated under the Fish and Wildlife Coordination Act (FWCA) are not thoroughly addressed. Consequently, the National Marine Fisheries Service must reserve the right to provide specific comments on federal permits, license, and construction activities arising from the Regional Plan on a site by site basis. It is important that approval of the Regional Plan by the Secretary of Commerce not be interpreted to mean that NOAA waives its responsibilities under the FWCA. Don Johnson, (206-442-7575) Northwest Regional Director in Seattle, is ready to work closely with you in this matter.

APPENDIX C

EXECUTIVE ORDER NO. 11386

DATED DECEMBER 28, 1967

**ESTABLISHING THE FEDERAL ADVISORY COUNCIL
ON REGIONAL ECONOMIC DEVELOPMENT**

Presidential Documents

Title 3—THE PRESIDENT

Executive Order 11386

PRESCRIBING ARRANGEMENTS FOR COORDINATION OF THE ACTIVITIES OF REGIONAL COMMISSIONS AND ACTIVITIES OF THE FEDERAL GOVERNMENT RELATING TO REGIONAL ECONOMIC DEVELOPMENT, AND ESTABLISHING THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

WHEREAS the proper discharge of Federal responsibilities under the Appalachian Regional Development Act of 1965 (79 Stat. 5, 40 U.S.C. App.) and the Public Works and Economic Development Act of 1965 (79 Stat. 552, 42 U.S.C. 3121 *et seq.*), as amended by Public Law 90-103, 81 Stat. 257, requires that the participation of the Federal Government in regional development activities be effectively coordinated;

WHEREAS the President is required by the Appalachian Regional Development Act of 1965 to provide effective and continuing liaison between the Federal Government and the Appalachian Regional Commission;

WHEREAS the Secretary of Commerce has responsibility under the Public Works and Economic Development Act of 1965 for Federal economic development activities designed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions of the Nation;

WHEREAS the Secretary of Commerce is directed by the Public Works and Economic Development Act of 1965 to coordinate the Federal Cochairmen appointed to regional commissions established before or after the date of that Act;

WHEREAS the Secretary of Commerce is required by the Public Works and Economic Development Act of 1965 to provide effective and continuing liaison between the Federal Government and each regional commission established under Title V of that Act; and

WHEREAS the Secretary of Commerce has been Chairman of the President's Review Committee for Development Planning in Alaska, established to provide general direction and guidance to the Federal Field Committee for Development Planning in Alaska, established by Executive Order No. 11182, dated October 2, 1964;

NOW, THEREFORE, by virtue of the authority vested in me by the Appalachian Regional Development Act of 1965, the Public Works and Economic Development Act of 1965, and section 301 of Title 3 of the United States Code, and as President of the United States, it is ordered as follows:

SECTION 1. *Functions of the Secretary of Commerce.* The Secretary of Commerce shall—

(a) Provide the effective and continuing liaison required by section 104 of the Appalachian Regional Development Act of 1965 and by section 503(c) of the Public Works and Economic Development Act of 1965 between the Federal Government and each regional commission established under those

THE PRESIDENT

Acts, and between the Federal Government and the Federal Field Committee for Development Planning in Alaska (hereinafter referred to as "the Field Committee").

(b) Obtain a coordinated review within the Federal Government of plans and recommendations submitted by the commissions and the Field Committee.

(c) Provide guidance and policy direction to the Federal Cochairmen and the Chairman of the Field Committee with respect to their Federal functions.

(d) Promote the effective coordination of the activities of the Federal Government relating to regional economic development.

(e) In carrying out the functions set forth in section 1 (a), (b), (c), and (d) the Secretary of Commerce shall—

(1) Review the regional economic development plans and programs submitted to him by the Federal Cochairmen, budgetary recommendations, the standards for development underlying those plans, programs and budgetary recommendations, and legislative recommendations; and advise the Federal Cochairmen of the Federal policy with respect to those matters, and where appropriate, submit recommendations to the Director of the Bureau of the Budget.

(2) Review and advise the Chairman of the Field Committee with respect to the tentative plans and recommendations of the Field Committee, and receive and consider the final plans and recommendations of the Field Committee and transmit them to the heads of interested Federal departments and agencies and to the President.

(3) Resolve any questions of policy which may arise between a Federal Cochairman and a Federal department or agency in the implementation of regional development programs.

(4) Appoint a Special Assistant and other staff as required to assist him in carrying out these functions.

SEC. 2. *Establishment of the Council.* (a) There is hereby established the Federal Advisory Council on Regional Economic Development, hereinafter referred to as "the Council."

(b) The Council shall be composed of the following members: The Secretary of Commerce, who shall be the Chairman of the Council (hereinafter referred to as "the Chairman"), the Secretary of Agriculture, the Secretary of the Army, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Secretary of the Interior, the Secretary of Labor, the Secretary of Transportation, the Director of the Office of Economic Opportunity, the Administrator of the Small Business Administration, the Federal Cochairman of the Appalachian Regional Commission, such Federal Cochairman as are appointed by the President under authority of Title V of the Public Works and Economic Development Act of 1965, and the Chairman of the Field Committee.

(c) Whenever matters within the purview of the Council may be of interest to heads of Federal departments or agencies not represented on the Council under section 2(b) of this order, the Chairman may consult with the heads of such departments and agencies and may invite them to participate in meetings and deliberations of the Council.

THE PRESIDENT

(d) The Council shall meet at the call of the Chairman.

SEC. 3. *Functions of the Council.* The Council shall assist the Secretary of Commerce in carrying out the functions set forth in section 1 of this order, and shall, as requested by the Secretary of Commerce—

(a) Review proposed long-range economic development plans prepared by the regional commissions and the Field Committee.

(b) Recommend desirable development objectives and programs for such regions and Alaska.

(c) Review proposed designations of additional economic development regions under Title V of the Public Works and Economic Development Act of 1965.

(d) Review Federal programs relating to regional economic development, develop basic policies and priorities with respect to such programs, and recommend administrative or legislative action needed to stimulate and further regional economic development.

(e) Review proposed department or agency regional economic development plans.

(f) Recommend surveys and studies needed to assist the Secretary of Commerce and the Council in carrying out their functions.

SEC. 4. *Responsibilities of the Participating Federal Agencies.* (a) Each Federal department and agency the head of which is referred to in section 2(b) of this order shall, as may be necessary, furnish assistance to the Council in accordance with the provisions of section 214 of the Act of May 3, 1945 (59 Stat. 134, 31 U.S.C. 691).

(b) The head of each such Federal department or agency shall designate an Assistant Secretary or equivalent level official who shall have primary and continuing responsibility for the participation and cooperation of that department or agency in regional economic development as required by this order.

(c) The head of each such Federal department or agency shall keep the Secretary of Commerce and the Council informed of all proposed regional economic development plans of his department or agency.

(d) The head of each such Federal department or agency shall, consonant with law and within the limits of available funds, cooperate with the Council and with the Secretary of Commerce in carrying out their functions under this order. Such cooperation shall include, as may be appropriate, (1) furnishing relevant available information, (2) making studies and preparing reports, (3) in connection with the development of programs, priorities, and operations of the department or agency, giving full consideration to any plans and recommendations for the economic development of the various regions, including recommendations made by the Council, and (4) advising on the work of the Council as the Chairman may from time to time request.

SEC. 5. *Responsibilities of the Federal Cochairmen and the Chairman of the Field Committee.* The Federal Cochairmen, and the Chairman of the Field Committee as appropriate, shall—

THE PRESIDENT

(a) Maintain continuing liaison with the Secretary of Commerce with respect to the activities of the regional commissions and the Field Committee.

(b) Adhere to general Federal policies affecting regional economic development that are established by the Secretary of Commerce.

(c) Inform the appropriate Federal departments and agencies of programs and projects to be considered by the commissions, and attempt to obtain a consensus within the Federal Government through consultation with appropriate Federal agency representatives before casting a vote on any such matter.

(d) Represent the participating Federal departments and agencies in connection with the activities of the regional commissions.

(e) Submit to the Secretary of Commerce regional economic development plans and programs of the regional commissions, budgetary recommendations, legislative recommendations, and progress reports, as requested by the Secretary of Commerce, on the activities of the regional commissions.

(f) Submit reports required by section 304 of the Appalachian Regional Development Act of 1965 and by section 510 of the Public Works and Economic Development Act of 1965 to the Secretary of Commerce for review prior to transmittal to the President or the Congress.

SEC. 6. *Appalachian Program.* (a) Funds appropriated pursuant to sections 201 and 401 of the Appalachian Regional Development Act of 1965 shall be available to the Federal Cochairman of the Appalachian Regional Commission for the purposes of carrying out that Act.

(b) The Federal Cochairman of the Appalachian Regional Commission is delegated the functions conferred upon the President by sections 214(a), 302(a), and 302(c) of the Appalachian Regional Development Act of 1965, which shall be exercised by him in accordance with the provisions of this order.

SEC. 7. *Construction.* Nothing in this order shall be construed as subjecting any function vested by law in, or assigned pursuant to law to, any Federal department or agency, to the authority of the Council or the Secretary of Commerce, or as abrogating or restricting any such function in any manner.

SEC. 8. *Definition.* Except as the context may otherwise require, any reference herein to any Act, or to any provision of any Act, shall be deemed to be a reference thereto as amended from time to time.

SEC. 9. *Prior Executive Orders.* (a) Executive Order No. 11182, as amended, is hereby further amended as follows:

(1) By changing the heading of the order so as to read as follows: "ESTABLISHING THE FEDERAL FIELD COMMITTEE FOR DEVELOPMENT PLANNING IN ALASKA".

(2) By striking the words "the Housing and Home Finance Administrator" from section 1(b) and by inserting in lieu thereof the words "the Secretary of Housing and Urban Development, the Director of the Office of Economic Opportunity".

(3) By substituting the following for subsection (a) of section 2:

"(a) Subject to the general direction and guidance of the Secretary of Commerce, the Field Committee shall serve as the principal instrumentality for developing coordinated plans for Federal programs which contribute to

THE PRESIDENT

economic and resources development in Alaska and for recommending appropriate action by the Federal Government to carry out such plans.”

(4) By striking from sections 3(e) and 3(f) the words “Review Committee” and by inserting in lieu thereof the words “Secretary of Commerce.”

(5) By revoking Part II. The President’s Review Committee for Development Planning in Alaska, established by that Part, shall be deemed to be hereby abolished.

(6) By redesignating Part III and section 31 thereof as Part II and section 21, respectively.

(7) By redesignating Part IV and sections 41, 42, and 43 as Part III and sections 31, 32, and 33, respectively, and by striking from the redesignated section 33 the words “and the Review Committee”.

(b) The Federal Development Committee for Appalachia, established by Executive Order No. 11209 of March 25, 1965, is hereby abolished and that order is hereby revoked.

/S/ LYNDON B. JOHNSON

THE WHITE HOUSE,

December 28, 1967.

[F.R. Doc. 68-111; Filed, Jan. 2, 1968; 10:37 a.m.]

THE PRESIDENT

Title 3 -- The President

EXECUTIVE ORDER 11608

Termination of Federal Field Committee for Development Planning in
Alaska

By virtue of the authority vested in me as President of the United States, Executive Order No. 11182 of October 2, 1964, as amended, is revoked and the Federal Field Committee for Development Planning in Alaska established thereby is abolished. Executive Order No. 11386 of December 28, 1967, to the extent that it pertains to the Federal Field Committee for Development Planning in Alaska, is revoked. The Secretary of Commerce shall make such arrangements as may be necessary relating to the termination of the Committee.

THE WHITE HOUSE,

July 19, 1971

s/ Richard Nixon

[FR Doc. 71-10414 Filed 7-19-71; 4:20 pm]

FEDERAL REGISTER, VOL. 36, NO. 140 -- WEDNESDAY, JULY 21, 1971

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